CASUAL GAMES ASSOCIATION

Summer 2007

casual connect magazine

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About the Cover

by Michael Grills

When I was in high school learning how to draw the one thing that competed for my time was Video Games. Since my father was a Computer junkie we had a lot of cool games to play on our PC and my time was split between gaming and drawing. Before really good scanners were available to the general public I was experimenting with ways to get my images into the computer with varying degrees of success. At this point all I saw was a new way (the computer) to get images to come alive for me.

I entered art school and took Graphic Design without really knowing what I was going to do when I graduated. But in my second year the new really Big Games started to come out and I noticed something. The Art was in its infancy. New resolutions and technology was making it so the art had to get better. I could see that it was and I thought to myself. I want to be there when it gets really awesome.

Everybody I was in College with thought I was nuts. They thought that there was no jobs in entertainment and I tried to convince my teachers and the other students that Video Games was the next big medium for Artists. I started to work my portfolio strictly in a rendering and Narrative format. Bad for my grades good to get my career started.

I went straight to Bioware Corp. From college and gained massive experience working with such a great team. But the need to go Freelance was to strong and after 5 years I left employee status to start my own business.

I'm so glad I found casual games. The projects are smaller and way more interesting because there is little room for the factory mentality of AAA. I never know what I will be asked to do next and it's thrilling to be tested in all areas of Art.

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Letter from the Director

Set Another Place at the Table! We've Got Company!

Jessica Tams

Well, I have to admit that this is all pretty cool. It's like we threw a party and have to keep running out to get more ice. I mean, every time we get together I see so many new faces that I know we are succeeding in our quest to foster growth within the casual games industry. And who's surprised? There is so much happening in casual games these days that you would be crazy not to want to get in on the action.

For starters, there are a lot of people making money. They're making it in a variety of interesting ways and in a variety of interesting places (as you'll discover if you read this issue of Casual Connect Magazine). You almost get the sense that every time we hold another conference we'll be finding out about yet another money-making opportunity (which, by the way, is one of the reasons we hold conferences).

And then there's this: Suddenly (or maybe not so suddenly) there are a lot of big-name companies jumping into the casual games fray: EA, UbiSoft, Eidos, Vivendi, THQ, and Activision have all announced casual games initiatives in recent months. MTV recently spent $600 million (that's six followed by a bunch of zeroes) to acquire gaming assets. Even Google, the Internet's 800-pound gorilla, has gotten into the act. Just like that, casual games have been officially designated Big Business—which means that investors are watching us like never before.

All of this growth and activity should be a reminder to those of us who have been here a while that nothing stays the same—nor should it. With the addition of so many newcomers of various shapes and sizes, we once again have the opportunity to reflect on where we've been and try to take a fresh look at where we're headed. Maybe we can take the experiences of the industry veterans, cram them together with the unique perspective of our newest members, and create something altogether new and different. It's by mixing the familiar with the unfamiliar that we'll start to generate really good new ideas. It's also how we'll begin to find ways to appeal to an even broader constituency—including those with a more traditional, casual gaming profile.

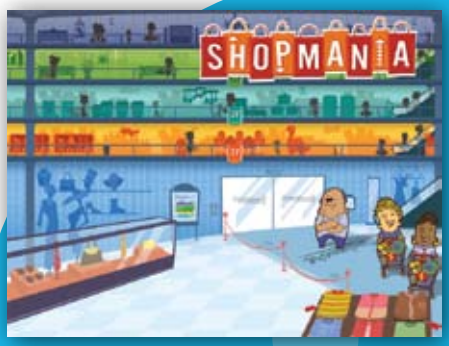
And if we do all that, it should mean continued success and prosperity throughout our industry. After all, we still have our great, unassailable, take-it-to-the-bank-with-a-smile competitive advantage: our knowledge that, if you focus on the fun, many people will pay you and love you for your efforts.

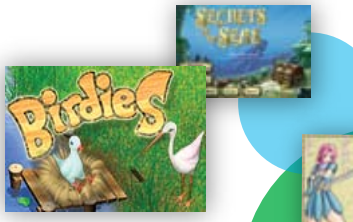
So welcome, newcomers! Come on in and have a seat at the table.
We've been expecting you.

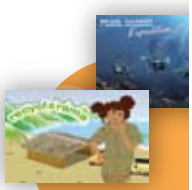
Sincerely,

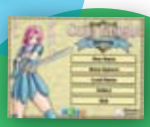
Jessica

You win with iWin.









"In our collaborations with iWin, we've found them to be a smart and supportive partner. iWin is the rare game publisher that doesn't overmanage the creative process, but instead gives developers the freedom to solve problems that arise during production in their own way. We have been very happy with the games that we have made with them, and with iWin's ability to bring them to our players."

Eric Zimmerman
Co-Founder & Director of Game Design, Gamelab

"As a newly launched startup, we had to find a quality publisher that would allow us the freedom to build our games without many creative constraints, as well as give us the support and monetization to become a success. iWin was that publishing partner, as they employ a unique value proposition in that they understand the value of a game's intellectual property and work tirelessly to expose its developer titles to countless, unique revenue streams that many other publishers just cannot provide. Our relationship with iWin is stronger than ever, and we recommend them highly."

Malcolm Michaels
Co-Founder, Jenkat Games

iWin is a developer who understands the special needs of small game studios. We offer:

- Strong relationships with all major players in the distribution channel
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- In-house game production expertise including design, technology and play testing to help tune and polish your game
- Expertise in PC, Macintosh, Xbox, console handheld and mobile development
- Highly competitive royalties

iWin accepts game submissions in a variety of forms. For more information contact: youwin@iwin.com. Game submissions: gamesubmissions@iwin.com

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Dear ed.

Letters to the Editor

We get mail, from time to time, suggesting that some of you are actually reading Casual Connect Magazine (we love that) and enjoying it (we love that even more). We're reprinting a few recent letters below as a reminder that we want to hear what you think—good, bad, or otherwise. If your letter is sufficiently clever (or simply full of flowery, over-the-top compliments) we may reprint yours as well.

Dear ed.:
I truly appreciate the work you are doing with the magazine. Only this week, I finished all three editions of your magazine (cover to cover), and it's certainly very educational for newbies like me who are just now entering this space. We're also using some of the info you provided to contact game portals.

Nazeer
Issaquah, Washington, USA

Nazeer:
From the beginning we felt that Casual Connect Magazine had to provide practical instruction and behind-the-scenes insight or it was just an overblown waste of ink. Sounds like we're succeeding. If those portals don't return your calls, let us know and we'll send someone over to lean on them.

– ed.

Dear ed.:
I was going through Michael Mei's article, "Contract Basics," in the Fall 2006 issue of Casual Connect Magazine. I must say that it was very informative. I was about to get into a distribution deal and fortunately got my hands on your article before signing. It helped me finalize the deal in my firm's favor to a large extent. Thanks so much.

Mayank S.
Mumbai, India

Mayank:
In case you missed it, Michael did a follow-up article in the Winter 2007 issue of Casual Connect Magazine as well.

– ed.

Dear ed.:
The Casual Games Association magazine is great. I've read a lot of industry literature during my time working in games development and most of it isn't worth the energy required to move my eyes back and forth over the words. By contrast I read the Casual Games Association's magazine from cover to cover and genuinely learned from it. That may be a reflection of the type of people who are working in casual gaming (it tends to be the clever, experienced folks who realized years ago that traditional game development wasn't sustainable), but I suspect it's also a reflection of the editorial focus.

Colin A.
Dundee, Scotland, UK

Colin:
It's true that Casual Connect Magazine is a reflection of the membership. It's a creative, committed bunch, with a dedication to the craft of game development and an inspiring willingness to share. (That's a hint, by the way: Anyone who would like to share some excess royalties should feel free to contribute to ed.'s Lunch-hour Improvement Fund.) In a more cutthroat industry, a magazine like this wouldn't even be possible.

– ed.

Dear Editor:
I enjoyed your Fall 2006 Casual Connect magazine. I particularly enjoyed the "Women and Casual Games" article. I hope it's a topic you'll continue to revisit since I think the subject of "women and games" could probably take up another issue on its own. The games industry really doesn't seem to have much of a grasp of the topic or know how to make the next step.

Steve C.
Redmond, Washington, USA

Steve:
Please. Call me ed.

We totally agree—and not just because Jessica reminds us, oh, every five minutes or so, that we can't forget about the women. Check out the article in this issue by Dr. Jill Marshall ("How To Attract and Keep More Women in Casual Games")—with more to come in future issues as well.

– ed.

Dear ed.:
Are these letters for real?

Pedro
Orange, California, USA

Pedro:
Yes. All of them except for yours.

– ed.

Tell ed. what you think.
He can be reached at editor@casualconnect.org

There's Always a Bigger Fish...

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Over the last 5 years, Big Fish Games has grown to become the largest casual games distribution portal in the world. We're downloading more games on a daily basis than any other one single site on the market. And with our new PNP affiliate program, we're more committed than ever to growing the casual games industry with our developer and affiliate partners. Come swim with us - we're building a new world of casual games, one gamer at a time.

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For more information, email: pnp@bigfishgames.com

Services Drive Gaming's Future

Traditionally, limited shelf space has been one of the largest hurdles to selling a product – there's only so much room to display so much product. For a time, it was assumed that the Internet would be free from this problem. However, we're constantly being reminded that unlimited space comes with other, less obvious, limitations.

In today's market, and perhaps more importantly, in tomorrow's market, what is a game developer supposed to do to have his or her game connect with the people who want to play?

It's no longer about simply getting your game out there and selling the product. More and more, the gaming industry is discovering that to maintain healthy growth, they've got to build stronger, more complex relationships by developing services that keep players returning.

Microsoft serves a wide variety of customers across its Xbox LIVE Arcade, Windows Live Messenger, and MSN Games platforms, has an enormous amount of experience in the casual games arena, and delivers a number of services or is developing a number of services that are designed to keep casual game players coming back for more.

With the myriad of services that are available, we hope that having a look at what Microsoft is doing will give you a better idea of the range of options that are available to you and will allow you to better educate yourself for making choices about what's good for your business.

Global Warming in the Gaming Environment

The casual games industry is heating up at tremendous speed. Rather than narrowing and defining itself, growth in this industry covers ever-broadening demographic strata across a variety of platforms as the business pushes the boundaries far beyond the single storefront – whether we're talking traditional retail storefront or virtual storefront.

While we've consistently been warned about the dangers of trying to be everything to everyone, the casual games market seems to be doing just that as platform options extend from online and download play to instant messaging platforms, consoles, handhelds, cell phones, and portable music devices. In a world where these kinds of opportunities exist, game developers are left with tough choices about what opportunities they deem the most strategic.

Developers are currently being asked to answer a key question with regards to the future growth of their businesses: How wise is it to increasingly spread yourself thinner in an attempt to be everywhere at once, which may result in being lost in the vastness of the available space – or is it a better strategy to lay down some key wagers about where the market is going to go in order to grow and strengthen your business by fostering more growth in fewer places?

For some, the question may be stated in starkly practical terms: Do you put yourself on 100 portal sites that serve the exact same demographic – or do you go deeper with a select number of partners?

The Services Model

The value of building services into a business model has been proven again and again across a wide variety of industries to keep bringing customers back for more. In a typical sales transaction, a person buys an item once and the transaction is completed – but services provide the recognition to say, "What can we do to better encourage your trade and keep you coming back?"

From collecting frequent flyer miles, to using a rewards card at a local grocery store, to having a queue of waiting-to-be-watched films at Netflix, services have become an integral part of the business landscape.

Andy Peterson

I think that as we evolve the future of LIVE implementation and vision, you'll find more and more profitable business models for developers who participate in that to leverage their original IP against to make more and more profitable businesses against that

– Bryan Trussel

Group Manager in the Casual Games Group responsible for Xbox LIVE Arcade and MSN Games

And services are becoming an increasing part of the gaming landscape as well. As a developer, it's important to understand what this shift in service in the gaming industry means and how you can build your games to take advantage of it.

What Does a Service Look Like?

Services can take a variety of forms depending upon the needs of the consumer. For example, the service of a portal site may be the implied guarantee that there will be new games added so often that you'll never get bored or have to play an older game, or that games will meet a given quality level or set of capabilities. Or it may be simple

special promotional article

recognition, such as knowing a player by name when they sign in and suggesting new games based upon their history.

Different players look for different things from their services: some customers are looking for discounts, and some want access to unique content, rewards, or offerings. Some simply want to feel special. Some want to make friends or measure progress. Some want to express themselves. Some do it for bragging rights, and some do it for a sense of community. Some want to stay in touch with friends, some want to make friends, be matched for games, or join leagues. Given that any games service may opt to offer a mix of these capabilities to varying degrees, a wide spectrum of service offerings is possible.

The variety of services that can be offered is staggering – as a developer, you have a unique opportunity to create games that can exploit the service offerings that are out there and thereby build a stronger more robust business.

In order to understand the ways in which specific services can be incorporated into a platform environment, let's take a look at some of the ways that Microsoft is using services across its casual games offerings.

Communities

Each Microsoft platform currently has its own discrete community of players that adheres to a given set of demographics. These communities are distinct, but there are also areas of overlap. As well these communities can interact and share information in a variety of ways.

The Friends Lists in Messenger and Xbox LIVE Arcade, as well as the forum areas in MSN Games, allow their participants to connect with and develop full-fledged communities within their respective platforms, which bring them back again and again to engage in social practices that can be both complimentary and independent of the game platforms.

"Windows Live Messenger is not a single games community – it's roughly 250 million communities because each person has their own community, which is their Friends List," said Kim Pallister, Business Development Manager for Microsoft Casual Games. "Our job is to provide gaming experiences that they can layer on top of their relationships with people and enrich them. That's the promise that service provides consumers: in exchange for viewing some advertising or paying a subscription fee – we'll give you something that lets you enrich your relationships with friends and family."

Increasingly, these communities are starting to interconnect as players in Xbox LIVE Arcade, for instance, can contact people on their Windows Live Messenger Friends List via their Xbox 360 console and ask them to join them for a game.

Matchmaking

"On Xbox LIVE Arcade, almost all of our games have a live, multiplayer component. To the extent that you're alone, you can go online and play with your friends, or meet new people that you want to play online," said Brian Trussel, Group Manager in the Casual Games Group responsible for Xbox LIVE Arcade and MSN Games. "It's a nice way to either play with friends that you've established or to meet new people."

Each of the Microsoft game platforms offers some version of matchmaking. "On the multiplayer front at the MSN Games site," Trussel continues, "we have several communities of multiplayer games in our architecture that allow you to matchmake with anybody who happens to be on the site – or to matchmake with your Messenger friends, anyone who's on your Friends List."

"We've also found a lot of success with the Xbox LIVE Vision camera – the games that use the Vision camera in Xbox LIVE Arcade get very high populations because it adds another level of interaction and social dynamic to the game. It's a much stronger affinity that people have with each other when they can see the individual – so games like UNO have been very popular because of that."

The Achievement System

"The Achievement system in Xbox LIVE Arcade has been phenomenally successful by giving gamers the ability to compare the Achievements they've earned on their games to their friend's earned Achievements," said Brian Trussel.

The addition of mini-goals within Xbox LIVE Arcade has created a thriving social dynamic that keeps driving players deeper into the system. "I can go and find anybody I want," said Trussel, "I can have a look to see what games they've played that I've played, and what they've done that I haven't, or vice-versa. It's all keeping with the pick-up-and-play, very quick, very fun, very social element that is the hallmark of arcade games."

Gamerscore

Gamerscore is a quick, quantifiable way to capture all the Achievements a player has earned playing games on Xbox 360. For many gamers, it's an enormous competition-driver within a player's community, as each player is motivated to achieve the top score among their friends for bragging rights. It's like a meta-game that's played on top of individual games. While competition may not be the motivator for all players, Achievements and Gamerscore provide the means to measure progress using a common language.

Virtual Badges

Within the MSN Games site, virtual badges are offered for meeting gameplay goals based upon points scored and number of games played. Each week, special badges are featured for selected games on the site, as well – and these badges are kept in badge albums on the site for users who have created an account.

Virtual badges have been proven to drive

site visitors to play new games in order to acquire the badges that are currently being offered. They have become a hit deeper within the community as players have recently driven initiatives on the MSN Games forums to create a "1000 Badge Club" to honor the players who have acquired 1000 or more virtual badges on the site.

The Value of Services to Developers

Understanding the wide array of services that exist in the marketplace and how they work for you and the customer will help you design games that operate as key elements in a thriving eco-system rather than one-off standalone items.

Next-generation successes will come to the titles that embrace, design for, and utilize the services on which they will ship. Well-utilized services enable your customer to develop new levels of engagement with your game while providing you with new design, sales, and marketing opportunities.

Increasingly, games need to be tailored to fully utilize the spectrum of capabilities that services can provide. At the same time, services create new opportunities for developers to consider as they package games for delivery.

Moving forward, "How do I add elements that encourage interactions between community members?" and "How do I use Friends capabilities to encourage the viral marketing of my game?" and "How do I use achievements or badges or other meta-game elements to drive different play behavior?" and "What will my players talk about at the water-cooler?" are all valuable questions that that developers should be asking themselves.

In the end, these are the elements that will drive your future success as a developer.

"Once you have a great game and a great mechanic, you're going to have the best business if you can bring that game to as many platforms as you can. Once you've put the investment into a great game design, and you have it on our Xbox LIVE Arcade, we want to make it very easy for you to take it then to the PC and let everybody on the PC that doesn't have a console to experience that. And then take it broader and broader across other platforms and other distribution areas."

- Bryan Trussel – Group Manager in the Casual Games Group responsible for Xbox LIVE Arcade and MSN Games

"People play games in Windows Live Messenger because they want distraction when they've got a lot of other things going on – so the ideal Messenger game is not necessarily a game that takes 100% of your focus. These games aren't really intense – they don't command 100% of your attention, but they keep you engaged and keep you working with that other person towards a common goal."

- Debbie Thiel, Program Manager for Windows Live Messenger

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For developer and partner inquiries, visit us at microsoftcasualgames.com or email mcg@microsoft.com.

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The Future of Services

Looking ahead, the games that are most likely to get major attention at Microsoft aren't single platform games, but games that can be played across the variety of platforms –games that will build, extend, and deepen relationships, and enrich the offered services. It won't matter whether players are on Windows Live Messenger, Xbox LIVE Arcade, a PC, a cell phone, or a Zune player – they'll be connected and ready to play with rich services that make sense for the platform that they're on. "The future of LIVE is the bridge across them all," said Brian Trussel. "This will be an ongoing process for a long time. And there are many interesting pieces that fit into that vision, such as going deeper into the relationships between the PC and Xbox 360 users. There is room to explore more deeply the relationships between Messenger users and Web users. There are richly complex issues and challenges that involve advancement on the social aspect in terms of teams and clubs and tournaments."

"I think that as we evolve the future of LIVE implementation and vision, you'll find more and more profitable business models for developers who participate in that to leverage their original IP against to make more and more profitable businesses against that."

For Microsoft, the future of services is clear – services are, by definition, relationships between the provider and the customer. To the degree that services can utilize the bridges that are being created to support them and connect all of a player's games across all of their game platforms, those services – those relationships will become the defining customer proposition. And that's exactly as it should be.

Microsoft Platforms at a Glance

MSN Games	Windows Live Messenger	Xbox LIVE Arcade
Number of Players: More than 14 million each month	**Number of Players:** More than 13 million each month	**Number of Players:** More than 37 million downloads
Number of Games: More than 600 games	**Number of Games:** 24 games	**Number of Games:** More than 65 titles
Demographic 70% female 56% over the age of 35	**Demographic** 60% female 90% under the age of 35 International – 80% outside of the United States	**Demographic** Primary: Males 18-34 – hardcore gamer Secondary: Girlfriends and wives are getting involved with casual games on the console
Business Models Advertising Revenue Sharing Download/Try & Buy Subscription Skill-based gaming	**Business Models** Advertising Revenue Sharing Subscription	**Business Models** Download/Try & Buy Advertising Revenue Sharing
Key Services Community Matchmaking Forums Virtual Badges/Badge Albums	**Key Services** Community Matchmaking Friends List Statistics	**Key Services** Community Matchmaking Windows Live Messenger - interaction Friends List Achievements Gamerscore

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Play in Our Neighborhood®

Sandlot Games®, headquartered in Bothell, Washington, is the world's premier developer and publisher of casual and family-friendly games. Sandlot Games boasts a captivating portfolio of popular game titles and franchises, including Cake Mania™, Tradewinds® and Super Granny®.

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Games Selection

What's the Right Balance?

Erik Goossens

Over the years, through tests on RealNetworks' consumer facing sites (RealArcade, GameHouse, Zylom, and Atrativa) we've collected a massive amount of data about the science of game releases, ranging from how many games are released to what frequency and how aggressively each is promoted. Put simply: We know quite a bit about what works and what doesn't.

Weekly Releases

We've experimented with releasing between one and four games per week and watched how they perform in our ecosystem. Time and time again, we've found that releasing two games a week yields the most revenue for developers as well as Real.

Consumers can only download and play so many games a week, and increasing the number of games released hurts revenue in two ways. First, providing excessive free trial time prevents people from thinking about a purchase to fulfill their weekly game play needs. Second, not all games are good games. Most often, the third or fourth game released each week tends to be of lower quality. For people who do like to venture out to a third or fourth game in a given week, we find it more productive to have them download a great title from our back catalogue (preferably one that strongly converts to purchase). There are exceptions to the rule of course: sometimes we have three fantastic games and we know that all three will do better than existing games in our back catalog.

Time and time again, we've found that releasing two games a week yields the most revenue for developers as well as Real

Game Selection

Selecting games from a vast assortment of choices is a two-part process at Real. Our content group generally makes one round of cuts right off the bat based on game quality and market viability. Then we send the potential new titles (including games we aren't sure about) to several thousand beta testers. Each week, they play the selected games and answer questions designed to determine market potential. Based on their feedback, we gain a surprisingly accurate prediction of how much revenue a game will yield in its first 30 days. In fact, the predictions prove accurate nine out of ten times.

Promotion at Launch

Promoting the games we release is structured in a programmatic approach. Each game receives the same "love" during its first week in our service. After that week, a game has to stand on its own based on revenue. Although we do have a few remaining legacy deals with partners that depart from this method, we are working actively to change those agreements because we have found that when we deviate from our methodology, we rarely see the same level of success.

Our goal, of course, is to help as many games as possible reach the Top 10. This list has yielded some interesting data over the years. We've learned that games launching and performing in the top two slots have provided triple the revenue of games that launched in slots 7-10. Games in the middle tier earn double the revenue of the games at the bottom of the Top 10. Furthermore, games achieving the top two slots at launch have lasted in the Top 10 for eight weeks on average. By contrast, games that launch in the middle average five weeks in the Top 10, while games that launch in the bottom of the Top 10 last an average of only two weeks. Games that do not reach the top 10 on launch will normally never reach the top 10. Since the beginning of this year, 45 percent of all games launched on our service have made it in the top five (of the Top 10) during their first week.

Each game receives the same "love" during its first week in our service

Not only do these processes generate more revenue, they also keep our site fresh and interesting for consumers with both high quality games in the Top 10 and a deep catalog of well-loved existing games. Ultimately, of course, it's the gamers themselves who decide which games rise and fall, which ones settle into the Top 10 for a lengthy stay and which ones quickly disappear. Our job is to provide an equitable process through which every developer gets a fair shot at success.

Erik Goossens is Vice President of Game Content at Real Networks. He manages the overall PC-based content strategy for the games group including Real Arcade. He also oversees publishing and licensing content for Real's studios – Zylom and GameHouse – as well as Real's South American casual games destination Atrativa.

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- [x] Amazing 2D and 3D **Game Art**
- [x] or Fanatical **Game Testing**

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We test games across all major platforms, including PS2, PS3, Nintendo DS, Xbox, PSP, PC, MAC and Web

Who is Game Shastra?

We are a global game services company with state of the art game development facilities in Hyderabad, India and Los Angeles, California.

Our top-notch staff of game developers, game designers, game artists and game testers will integrate with your internal team using our proven global project management methodologies.

The global nature of our organization combines top quality services with unbeatable prices!

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How to Attract and Keep More Women in Casual Games

Lessons Learned from the Technical Sciences

Jill Marshall

Before you read this article, put down the magazine and wander around the office. Go ahead. We'll wait. . . .

Besides the fact that Lennie was playing WordJong instead of finishing up his overdue documentation, what else did you notice? How about the fact that just about everyone you work with is male? Have you ever wondered why that is?

The casual games industry is not the only technical field that skews male. ("Skews" male? How about "tilts with a steeper slope than Kilimanjaro"?) For years academicians have wrung their hands over the fact that so few women who begin preparing for a career in, say, physics actually take and keep a job in the field. The phenomenon is commonly referred to as the "leaky pipeline." Something must be broken, some argue, or else there wouldn't be so many women "leaking out" along the way.

Something may indeed be broken, but some folks who worry about the problem are starting to get the idea that we are thinking about it in the wrong way. After all, are women really like inanimate drops of water? If we just push more into the system (for example, by requiring or cajoling more girls to take physics in high school), and plug the leaks (by removing discrimination and providing resources) will more women physicists really come out the other end?

Of course we need to take down the "Boys Only" signs, however subtle they may be. But maybe we also need to think about changing the pipeline itself—and the jobs it leads to. The truth is that even when women make it through the pipeline—successfully landing a science or engineering job—they are still more likely than their male counterparts to leave the profession.[1]

It's easy to think of possible reasons for this. It's hard, for example, to raise a family in the laboratory, although some women have done it, and the tenure clock and the biological clock often force women to make a choice between an academic career and a family. But it's also possible to imagine how that leak might be fixed by creating a longer tenure track for both men and women who want to start families.

Other problems are harder to fix: What if the pipeline is going somewhere that women just don't want to go? A study of women with the background to be successful in a variety of careers showed that they were more likely to choose law or medicine than science and engineering because they did not see the latter as providing a useful role in society.[2] Although it may be obvious to a community like this one how the technical sciences are "useful," many women in the study clearly did not get that message from their coursework and opted instead for fields that they perceived as relating more directly to the real-world needs of people.

Think about the implications of that perception. If that is an accurate characterization of women's perspective, then perhaps women are not "leaking" from the pipeline so much as "escaping" to other destinations. It suggests that science may not have shut the door to women, but neither has it been done enough to make itself appealing to a broader constituency. Thus, instead of trying to get more women into the technical club, perhaps we need to consider whether the club is even worth joining. We certainly could use more women in technical fields in order to produce results and products that meet the needs of all consumers—including those of women.

So what is the message here for casual games? As your budgets continue to grow, the casual games industry runs the serious risk of repeating the mistakes of other technical fields, namely: Building a club of so many like-minded guys that every product seems to be aimed at the same demographic. For now, casual games are for everyone, but this could change drastically if you do not keep a watchful eye on your industry.

And lest you doubt what I'm saying, take another walk around the office and ask yourself whether a woman would want to work there. Go ahead. We'll wait.

Dr. Jill A. Marshall is an assistant professor in the Science and Mathematics Education group and a member Women's Board of the American Association of Physics Teachers. She received her BS in Physics from Stanford University in 1980 and her PhD in Physics from the University of Texas at Austin in 1984. She currently teaches professional development courses in the UTeach Natural Sciences certification program and graduate courses in Science and Mathematics Education. Dr Marshall can be reached at jill.marshall@casualconnect.org.

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The Realities of Running an Independent Game Studio

Three Perspectives from Those Who Know

It wasn't that long ago—maybe a couple of years at most—that people were still asking us if it really was possible to make any money in casual games. Well they've pretty much stopped asking. More and more developers and publishers have decided that casual games really do represent a big business—and as a result, people have modified their questions accordingly. Increasingly, the questions we get now are these: "How much money can I make, and how fast can I make it?"

To provide some perspective on the challenges of operating an independent casual game studio, we talked to a few who are already finding success in the industry. Specifically, we sought out studios which have successfully released at least one game and which subsist fully on revenues from their game(s), on outside investment, and/or through some sort of publishing deal. Here's what we learned:

Eric Zimmerman

Charlie Cleveland

James Gwertzman

Eric Zimmerman, Co-founder of Gamelab

- Founded: 2000
- Employees and Full-time Contractors: 32
- Casual Games Developed Internally: 35+
- Games Developed with a Publisher: 12 online; 8 downloadable; 2 other platforms
- Games Developed Independently: 3 online; 3 downloadable; 8 other platforms
- Average Annual Revenue: $4 million
- Average Annual Revenue per Employee: $160,000

CGA: When you first started doing casual games, what were your creative game design expectations? Did you expect to make the next Bejeweled?

Zimmerman: Peter Lee and I started Gamelab in 2000, which was a few years before Bejeweled and downloadable games as we know them today even existed. We always conceived of Gamelab as a creatively-driven company, with a mission to invent new forms of play for a wide audience. And yes, of course we were hoping for big successes.

CGA: When you first started doing casual games, what were your corporate expectations? Were you looking to dominate the market, grow to 100 employees, and make a quick exit?

Zimmerman: When we started the company, our intention was to make games for people that weren't hardcore gamers—and seven years ago, that idea was much less a part of people's thinking about game audiences than it is today. So there wasn't yet a casual games market to dominate. We just wanted to make our mark creatively on the world of gaming. As our studio has grown to its current size of 32 staff, we have been increasingly focused on making games that can bring strong success in the existing market.

When we started the company . . . there wasn't yet a casual games market to dominate. We just wanted to make our mark creatively on the world of gaming.

CGA: By all measures, Gamelab is a very successful casual game development studio. How many games did you create before Diner Dash?

Zimmerman: Thanks! We made about a dozen online games before Diner Dash, but that title was our first downloadable game. We had collaborated with John Welch when he was working at Shockwave.com, and when he left to start his own company, we started discussing working together right away. We began the game when PlayFirst

Gamelab team photo

was just getting rolling, and we completed most of the production of Diner Dash before PlayFirst even had an office. Luckily, they had staff in place by the end of production to distribute the game—and they obviously did a great job in getting the game out there!

CGA: After your hit game, how did the dynamics of your studio change? Was it easier to create another hit game or was it more difficult?

Zimmerman: Great question. My business partner Peter Lee has always focused on continual process improvement, and we try to learn from every game we make. Things were very fast and loose when we made Diner Dash, but under Catherine Herdlick, our Director of Game Production, we run a very tight ship these days. We have had some hit titles since Diner Dash, but none have had quite the same degree of success.

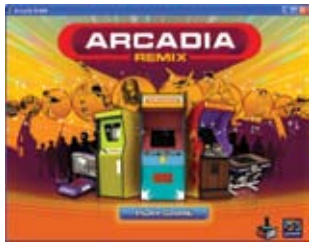
CGA: How much can a new developer expect to make in the casual games business?

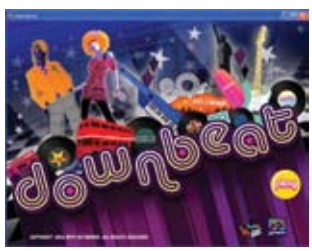
Zimmerman: Lots of folks come into the casual game industry thinking that it's easy to whip out a bunch of simple games and make a killing. While the business is steadily growing, it is incredibly crowded and getting harder and harder to make a hit title. Gamelab has managed to survive and prosper as an independent company in part because we built our expertise doing web games for a few years before we went into downloadable games, and as we moved into downloadables, we worked with premiere publishers like PlayFirst and iWin who could fund top-tier games and get them widely distributed. I don't want to discourage people from entering into casual games, but there are lots of hurdles—from design and production to distribution and marketing—that make it a challenging sector of the game industry.

CGA: After a series of published game titles, Gamelab is now creating self-published content. How does the ROI & investment into these titles compare?

Zimmerman: For a developer, self-publishing a game means that if the game is successful, the developer will share a much greater portion of the royalty than in a traditional developer-publisher arrangement (in which the publisher retains the lion's share of the royalty). Currently, some of our titles are collaborations with publishers like iWin, and others are funded through project-based investment. As far as return on investment, the titles we self-funded are just now coming out, so it's a little early to tell.

Eric Zimmerman is the Co-founder and Director of Game Design at Gamelab, a game development studio based in New York City. His email address is eric@gamelab.com.





Gamelab made about a dozen online games before Diner Dash, their first downloadable game. Gamelab has a diversified revenue stream through working with publishers and self-funding development

Charlie Cleveland, Founder of Unknown Worlds

- Founded: December 31st, 2003.
- Employees: Two full-time, five to 10 part-time (working as contractors for up to 20 hours per week in exchange for revenue share)
- Revenue Expectations: A typical first casual game might bring in $5,000 to $30,000 a year.
- Casual Games Developed Internally: One: Zen of Sudoku.
- Games Developed on Contract: Two: Charlie & the Chocolate Factory and Roblox.

CGA: When you first started doing casual games, what were your creative game design expectations? Did you expect to make the next Bejeweled?

Cleveland: Actually, I do have to say that I thought I was going to make a hit. Our first game (Natural Selection, a multiplayer, first-person shooter) was quite popular, and making a casual game seemed like an easier prospect. Zen of Sudoku would have less code, less art, and a simpler design than Natural Selection. Plus it was single-player, with a broader audience and proven game-play. It ended up taking a bit longer than expected: around 10 months (compared to 18 for Natural Selection). Of course, the nature of a casual game is that it has to be totally done at version 1.0, whereas with a multiplayer game we were just getting started when we released the first version. We've released 20 subsequent versions of Natural Selection over the course of the years.

CGA: When you first started doing casual games, what were your corporate expectations? Were you looking to dominate the market, grow to 100 employees, and make a quick exit?

Cleveland : No. I've never been interested in making a quick exit. Dominating the market isn't the right goal for us either. I wanted to gain a financial foothold with Zen, bringing in some dependable income that would support me for a year or more so I could work on the next game. If it was a hit, or allowed us to easily make a sequel to it, or gave us some IP or knowledge in making games for a broader audience, even better.

CGA: If a good developer decides to open his/her own studio, how much can he/she expect to make with a full team of three to five developers working full time?

Cleveland : In our experience, you make a whole lot less for a while on your own—perhaps 1/3 or 1/4 of what you would make working for someone else. That reduced rate might last one year or five, depending on what kinds of games and deals you do. After that though, if you've worked hard, played your cards right and maybe gotten a little lucky, you can make a full developer salary—or a lot more. My partner and I (Max McGuire) decided to make very little money upfront with the idea of building something much bigger in the long-term while keeping our independence. So in our case, our salary might be $0 for a couple years, $20,000 for a few more, then suddenly we're making $500,000. Then at some point maybe we sell the company as well.

CGA: How much should a good game studio expect to make per game?

Cleveland : We went a pretty non-traditional way here. We gave away our first game (Natural Selection) to build the IP as big as possible with the idea of selling the sequel. A typical casual game might bring in $5,000 to $30,000 a year, which obviously isn't going to make you rich any time soon. However, each game gets you more knowledge, a larger audience or brand recognition, better royalty rates with distributors and general momentum. I think our second casual game would be much more successful than Zen of Sudoku was for all of these reasons.

CGA: : Why did you exit casual games to go back to the core gaming industry?

Cleveland : We are passionate about online games and Natural Selection really gets our blood pumping. Developing Zen of Sudoku was enjoyable (far more so than I expected), but we're ready to get back

In our experience, you make a whole lot less for a while on your own

to atmospheric sci-fi and team-play. Zen was always meant to be a stepping stone for Natural Selection 2. That said, we are especially interested in making games that "unite the world," so the knowledge we gained from making a very accessible game is quite beneficial.

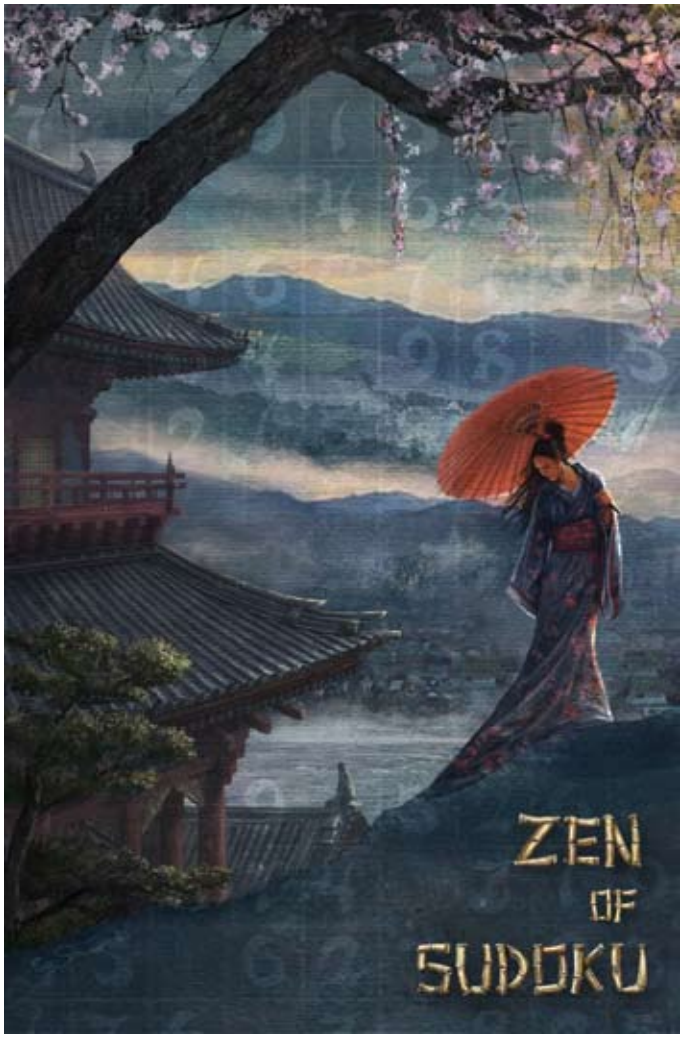
CGA: What advice do you have for independent developers?

Cleveland : Decide what kind of games you'd be happy making, regardless of how much money you do or don't make. If you can say to yourself that your project or venture would be worth it even if it ended tomorrow or was a flop, you know you're on the right track. Live for today and make sure you're enjoying your work—your passion will shine through in your work and people will be attracted to it and you. Also, realize that no matter what stage you're at in your company, you will never be "done" and you will never have "made it." Even if you become filthy rich, there will be other developers doing work you think is cooler or more meaningful. Given that you can never "arrive," you must learn to enjoy what you have and make the most of it.

Charlie Cleveland is CEO and co-Founder of Unknown Worlds, a self-funded, independent game company located in San Francisco, CA. Charlie can be reached at charlie@unknownworlds.com.

We gave away our first game to build the IP as big as possible with the idea of selling the sequel

Unknown Worlds has created two very different games – the casual Zen of Sudoku Game and a Half-life based shooter Natural Selection



James Gwertzman, Co-founder of Sprout Games

- Founded: June, 2003, Sold: June, 2005
- Employees and Full-time Contractors (at Time of Sale): Three full-time employees, two full-time contractors, three additional contractors
- Casual Games Developed Internally: Word Harmony, Color Harmony, Feeding Frenzy, Iggle Pop!, Pizza Frenzy
- Games Developed with a Publisher: all of the above were published through RealNetworks.
- Games Developed Independently: none
- 2004 Revenue: $400,000

CGA: Tell us about how you and your partners got into the casual games business.

Gwertzman: Prior to co-founding Sprout Games, I had co-founded a console studio named Escape Factory with a partner, Ed Allard. Despite having no previous experience in the game industry, we had very high expectations for Escape Factory and for a while there it even seemed like we might make it.

We had managed to sign a multi-million dollar contract with Sierra Online in 2001 to build an action game for the Xbox and PS2, and by 2003 we had grown our team up to about 25 people. Unfortunately, after nearly two years of development, our project was cancelled. To keep the doors open, we took on some contract work—we agreed to build three "retro arcade" games for WildTangent (Overball, STX, and Mars Rover) and one "match-N" game (Bounce Symphony). I don't think we called them casual games at the time, though that's what they were. We built all four games in six months with just four engineers, one artist, and one level designer. Believe me, after working like dogs for two years on a game that ultimately didn't ship, shipping four games in six months was a blast.

That's when we decided to officially shut down Escape Factory and start Sprout Games to focus exclusively on casual games. We cut costs to the absolute bone—we worked from home using hardware and software left over from Escape Factory—but even so we would not have taken the risk if it weren't for a publishing deal we signed with RealNetworks. Based on the strength of our WildTangent games, they agreed to advance us some money, and we agreed to ship six games in two years. Back then (in the summer of 2003), it seemed quite realistic.

CGA: When you first started doing casual games, what were your expectations? Did you expect to make the next Bejeweled? Were you looking to dominate the market, grow to 100 employees, and make a quick exit?

Gwertzman: I liken the founding of Sprout Games to a rebound relationship—we were all burned out from Escape Factory, and in some ways Sprout Games was the anti-Escape Factory. We had minimal expectations—we agreed we'd be happy if we could just make a living for a few years making games. Also I personally wanted to try my hand at actually making a game, since at Escape Factory my time was spent entirely focused on growing the team and managing the company.

Whereas at Escape Factory we had had an elaborate mission statement and set of objectives, at Sprout we had only one motto: "Simplicity over personal gain." In other words, we'd sacrifice a royalty point here or there in return for a high quality of life and no stress.

Nine months later, in the spring of 2004, we shipped our first two original games: Word Harmony (which I designed and coded), and Feeding Frenzy (which my partner Ed designed and coded). Our third partner, Joe, built the engine and tools that we all shared. All art and music for these games were produced by former Escape Factory employees who we hired as contractors.

CGA: How did you manage your cash flow challenges during those first few months?

Gwertzman: Because those first two games took much longer than we had originally planned—and we realized that our initial royalty advances from RealNetworks were not paying the bills—we signed a new deal with them. In return for a guaranteed monthly royalty advance for the next year that would pay the bills, we agreed to give Real exclusive third-party distribution rights for the two games we had already created, and we agreed to create another four games over the next 12 months. At the time, it was a good deal for us and it satisfied our motto—with a minimum of stress or fuss we had ensured that we could continue making games for at least another year.

When we started looking for an acquisition partner, we quickly learned that we were a valuable commodity

We had no idea at the time, of course, that Feeding Frenzy would go on to become the monster hit that it did. As it turned out, Feeding Frenzy was the second best-selling casual game for 2004, second only to PopCap's Zuma. We went on to produce two more games in 2004 (Iggle Pop! and Pizza Frenzy), both of which did okay but neither of which came close to the success of Feeding Frenzy—thus proving the point that in a hit-driven business like the casual game industry you can't predict success. We had assumed, of course, that with sufficient funding our next games would be even more successful than Feeding Frenzy, but that proved not to be the case.

CGA: What made you decide to sell Sprout?

Gwertzman: By the time the spring of 2005 rolled around, we had some tough decisions to make. We had enjoyed a comfortable living thanks to the regular monthly advances from Real, but they were due to end in April of 2005, and under the terms of our agreement we still owed them two more games (the games that would ultimately become Feeding Frenzy 2 and Talismania). Thanks to the success of Feeding Frenzy we had managed to pay off our advances, and even earned a little bit extra, but by no means were we rolling in the dough.

Also, looking ahead, we saw an industry that was rapidly becoming far more competitive. The word was out—casual games could be profitable, fun little projects—and more and more companies where entering the space. The industry was transitioning from a cozy little club to a real business, and games that would have been huge hits just a year before were only doing "okay." We knew that to keep up we would need to be able to invest significantly in our own sales & marketing.

As we saw it, we had three choices:

1. We could continue to grow organically and hope that the on-going revenue stream from the games we had already shipped, plus upcoming games like Feeding Frenzy 2, would allow us to keep going. This was not an attractive option, however, since we realized the industry and its development budgets were growing faster than we were. We also knew that since profits from your last game typically provide funding for the development of your next one, it would only take a few "duds" before we'd be out of business.

2. Alternatively, we could look for outside investment. With our solid track record in a "hot" new industry, we probably could have raised some money, but this wasn't an attractive option either. For one thing, raising money is a full-time job and that would have taken me out of production. For another thing, to realize the typical early-stage investor goal of at least a 10x ROI would have required us to radically change the nature of our company, something we weren't prepared to do.

3. The final option was to get acquired. On reflection, we realized this was the best option. With the right partner, we would be able to keep doing what we wanted—making great games—but without having to worry about where the next paycheck would come from. Also we figured that trading in our Sprout equity for equity in a faster growing, more successful company made good financial sense too.

CGA: Was it difficult to find an acquisition partner?

Gwertzman: Not really. When we started looking for an acquisition partner, we quickly learned that we were a valuable commodity: a successful small developer with a good track record who could work independently. After considering a few suitors we chose PopCap Games because we felt its culture was the closest fit to our own.

If we had started the company today, I don't think we would have been nearly as successful

CGA: Any regrets?

Gwertzman: We closed on the deal in June of 2005 and haven't looked back. One of the unexpected benefits of joining a rapidly growing company like PopCap was that it allowed the Sprout partners the freedom to go our own ways within a much larger company. I could go back to doing business, Ed could become an executive producer for new projects, and Joe could keep writing code.

As it turns out, our timing could not have been better. If we had started the company today, and built the exact same set of games that we created back in 2003-2004, I don't think we would have been nearly as successful. The industry has become more competitive even more quickly than we had predicted.

James Gwertzman leads PopCap Games' operations throughout the Asia Pacific region.
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Eastern European Casual Games

A Market Overview

Andrey Postnikov

It's no secret the North American market generates about 70% of the revenue in the casual games industry. Nevertheless, casual games have won recognition among people from other countries as well, and those other markets are claiming their rights and attracting the attention of casual game developers and publishers.

Today, the most dynamically developing markets are Western Europe (especially Germany), Asia, and Eastern Europe. Despite starting from nothing in 2003, the Eastern Europe will deliver $10 million in revenues in 2008. Of course, these figures pale in comparison to the approximately $900 million generated in North America, but the truth lies beyond the numbers. Our research shows that the Eastern European market is growing at a terrific rate, increasing approximately 20% each month. As a result, by the end of 2008 the Eastern European market will likely have grown sevenfold compared to 2006.

Furthermore, because people are just now beginning to learn about casual games, the Eastern European market is far from saturated. These figures suggest that in a couple of years the Eastern European market could leave many other European markets behind, providing a good source of additional revenue for any developer or publisher that takes advantage of this emerging market.

How It All Started

To understand the dynamics of the Eastern European market, we need to look at its history and investigate how Eastern European companies came to develop practically 30% of all of the casual games in the international market today.

The story began in 1999. At that time, an economic crisis in Russia affected the retail market for CD games and made it risky and unprofitable to develop large titles. The market was so depressed that a developer received only a few cents for each copy sold. Fortunately, the North American market for small games distributed and sold via the Internet had begun to flourish, providing a promising new outlet for Eastern European companies. Today, these digital offerings are called casual games.

Back then, the downloadable games market was just taking shape. Among the first Eastern European companies to focus on this new niche were Alawar Entertainment, KraiSoft, and Puzzle Lab. After several misfires, these companies started developing casual games Western users enjoyed. It took time to strike the right balance within the game-play, however. Alawar's games, for example, were too hardcore in the beginning. In addition, the company needed to learn about the tastes of Westerners, as the mindset of the two cultures are considerably different. Eventually, the success of this new sector attracted other developers from former USSR countries, and they began to produce casual games for the North American market.

Today, more than 100 casual game companies and development studios located in Eastern Europe are producing titles for the Western market. Yet despite generating almost 30% of all casual game content, developing hundreds of great titles for Westerners, Eastern European game creators—not to mention their casual games—remained all but unknown at home. It was only a few years ago, in fact, that the opportunity to sell these games in Eastern Europe finally took shape.

Why did it take so long for the Eastern European casual games market to emerge? Was it that there was no demand for the content being developed there? No. Ten years ago, people were just as interested in casual games as they are today.

Consider, for example, the game Color Lines. After its release in 1992, it went on to become the number one computer program in practically every accounts department Eastern Europe. And you would have had a hard time finding a Russian who had never heard of Tetris (developed in Russia by Alexey Pazhitnov). But the try-before-you-buy model was difficult to implement in the region, largely because of two problems: a poor Internet infrastructure and the general lack of means for purchasing digital content online.

Waiting on the Spread of Broadband

The poor Internet infrastructure and the slow spread of broadband connectivity were hard to overcome. The majority of people in Russia used a dial-up connection, which made it difficult to download 15MB installation files. Several years ago, it took hours to download a casual game in Russia, and the transfer lagged considerably. While other countries and regions—both inside and outside of Eastern Europe—experienced similar roadblocks, the proliferation of broadband took especially long in Russia.

That's changing today. Currently, the majority of Russian Internet users (concen

trated in and around Moscow and in the Northwest Region around St. Petersburg) are using broadband connections—which explains why most Russians who purchase casual games live in either Moscow or St. Petersburg. But as the number of regions using broadband and the Internet grows, the number of casual gamers—and the Eastern European casual games market—will expand as well.

According to government research, in fact, the number of Internet users in Russia will reach 50 million people by 2010, with annual growth rates of about 35% to 40%. As you might guess, that kind of growth is generating a lot of buzz about the Internet and, in turn, fueling a rapid expansion of personal computer ownership. Thus it is no surprise that the Eastern Europe casual games market is developing so rapidly—and there is no reason to believe it will not continue to do so.

Enabling Casual Game Purchases

The second major problem which made it hard to implement the try-before-you-buy model in Eastern Europe was the poor payment infrastructure for online transactions. In the U.S., buying goods via the Internet is simple; therefore, lots of people readily use plastic to pay for games. Eastern Europe, however, has low credit card penetration. Most monthly services are paid for through local bank branches. Thus Eastern European distributors have had to find new methods to collect payments for their games.

For example, we currently work with Softkey, one of the biggest online payment systems, which accepts more than 20 methods of payment, including credit cards and electronic cash such as WebMoney.

In 1999, an economic crisis in Russia affected the retail market for CD games and made it risky and unprofitable to develop large titles. The market was so depressed that a developer received only a few cents for each copy sold.

Another popular means of paying for online purchases in Eastern Europe is through text messaging: The buyer sends an SMS message from a cell phone to purchase a song, picture or other mobile content, and at the same time receives the game for free. According to Alawar's research, about 65% of all casual game sales in Eastern Europe today comes from this method of registration, while 17% comes from bank transactions. Credit cards and electronic money make up just 6% and 10%, respectively.

Not all portals and websites report the same purchasing trends, however. For example, NevoSoft says more than 90% of its game registrations come from SMS messages. Regardless of which method customers might prefer, the point is that they can now obtain the full version of a game through a variety of means, reducing the impact of low credit card penetration.

While convenient and less expensive for customers, revenues earned through SMS registrations are much lower than in Western countries—and for a variety of reasons. For starters, casual games cost less in Eastern Europe (five dollars compared to almost $20 in Western territories). In addition, severe taxation further eats into revenues. As a final blow to casual game developers and publishers, mobile operators charge an average of 50% of the price of the game for using their services.

Advice for Developers & Publishers

If you are interested in offering your games to the Eastern European market, there are a number of things you should keep in mind.

First, you should note that Eastern European casual gamers differ from Americans. Whereas most American casual gamers are females age 35 and older, many of whom are housewives, the majority of the people who purchase games in Eastern Europe are office workers such as accountants, secretaries and office managers. They also buy games for their children and grandchildren (if grandpa and grandma are keeping up with the times). As throughout the rest of the world, the majority of people who buy casual games are women, but in Eastern Europe, they're younger, ranging in age from 18 to 35, with 25 being the peak. Men ages 21 to 37 also regularly buy games. The skew toward a younger demographic is not surprising considering how few elderly people in Eastern Europe are active computer and Internet users.

In addition to age, you should also take

into account the differences in the way people of various countries think, inasmuch as the casual games popular in Eastern Europe and the U.S. are poles apart. Last year in Eastern Europe, for example, the most popular games were Treasures of Montezuma, Da Vinci's Secret, Tank-o-Box, Mahjongg Artifacts, Birds on a Wire, Mysteryville, Stand o' Food, Snowy: Lunch Rush, Wonderlines and Hyperballoid. (The latter, a Breakout game, is an interesting inclusion. The Magic Ball series, a line of 3D games which has sold more than one million copies worldwide, isn't well-liked in Russia, but Hyperballoid, a 2D offering, has been on the Top 10 list at www.alawar.ru for more than two years.) Russians seem to prefer action puzzle games and logic titles, so match-three games and hidden object releases are the most popular.

Lastly, price is another significant factor to consider as you contemplate entering the Eastern European casual games market. Casual games in Russia cost 140 rubles, which is approximately five U.S. dollars—or four times less than most casual games cost in America. All of the major websites in Eastern Europe agreed on this price last year after having charged just three dollars per game in the two years prior to that. The good news is that the increase in price didn't negatively influence sales; in fact, transactions continued to grow after the price went up. Meanwhile, the cost of other entertainment continues to climb as well, and some believe that just as CDs, DVDs, movies tickets, and, retail computer games have seen a steep increase in price over recent months, similar growth can be expected in the casual games market—with another jump in prices likely within the next year.

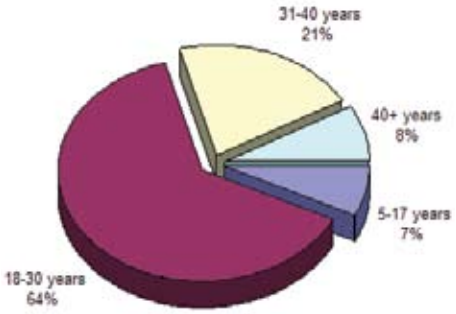
In further good news, conversion rates are significantly higher in Eastern Europe. In general, in the Western market one out of 100 people downloading a casual game will actually purchase the offering. The conversion rate in Eastern Europe for top selling games, meanwhile, starts at four percent and goes as high as 15%. Early on, when most casual games were introduced in English, the conversion rates in Eastern Europe were not nearly that high. However, now that virtually all games are localized before being introduced to the market, conversion rates have climbed significantly.

The Eastern European market is increasing approximately 20% each month. As a result, by the end of 2007 the Eastern European market will likely have grown sevenfold compared to 2006

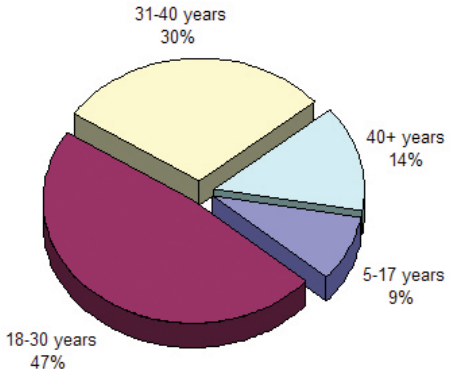
Of course, consumers in Eastern Europe are still learning about casual games, and the market itself is just now beginning to take shape. As a result, conditions are ripe for releasing casual games into the region. After all, the best time to establish a foothold in a market is when it is developing dynamically and you can help write the rules of the game.

Andrey Postnikov is the director of publishing for Alawar Entertainment, one of the world's leading publishers of casual games. Since he joined the company in 2002, Alawar has published more than 100 casual games and established partnerships with all of the leading online distributors. In addition to working with portals and online distributors, Andrey has served as a game producer. The Magic Ball series, one of the best 3D breakout games available, was produced and published under his direct guidance. Andrey graduated from Novosibirsk State Technical University, Aircraft Faculty, with a Master's degree in Aircraft. He can be reached at andrew@alawar.com.

Female



Male



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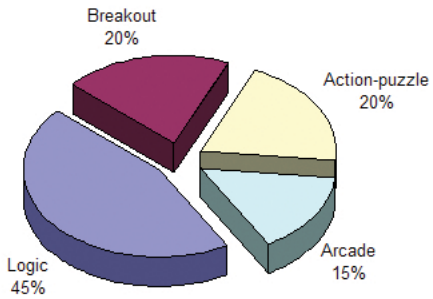

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What is the Holy Grail in Online Games?

A Banker's Perspective

Paul Heydon

As a banker, I get asked the same questions all the time. Online game companies want to know: What is the best strategy for my online game business? Or: What are VCs looking for in an online game company? For VCs, the question is this: What type of online game business should I look to invest in? And of course the large media companies ask me this: Which online game companies should we look at acquiring?

The words are different, of course, but when you think about it, basically everybody wants to know the same thing: What is the Holy Grail in the future of online games? I think the best way to begin answering that question is to talk about what is not the Holy Grail.

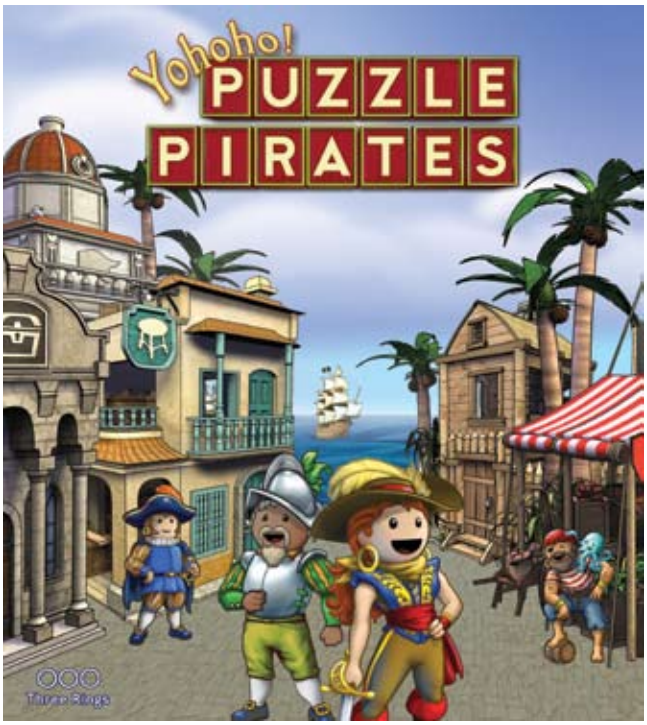
MMORPGs

Currently, many people believe the Holy Grail is World of Warcraft (WOW) from Vivendi. That single game is generating $1 billion per year in revenues. But WOW and other MMORPGs are not the Holy Grail of online games inasmuch as they only attract hard core gamers and not the mass market. While WOW's eight or nine million subscribers are indeed a lot of people, that total actually pales in comparison to the over 50 million users worldwide who play Maplestory from Nexon in Korea or the over 66 million registered users of Habbo Hotel from Sulake in Finland. Furthermore, MMORPGs do not have much of a life cycle beyond five years.

Subscription-based Games

It is also not clear that subscription-based business models are best for online game businesses—especially given the huge success of item-selling-based business models in Asia and the growing success of companies like Three Rings (Puzzle Pirates) and K2 Network (publisher of Korean-developed online games). One company to watch in the Western World is Bigpoint, a German company which now offers seven casual browser-based games. In lieu of no subscription fees, Bigpoint generates revenues by selling items in-game. On average, they are generating more revenues per user than WOW is.

66 million registered users play Habbo Hotel from *Sulake* in Finland



There has been great success of item-based business models in Asia and companies like *Three Rings*

One company to watch in the Western World is *Bigpoint*, a German company which now offers seven casual browser-based games

50 million users worldwide play *Maplestory* from *Nexon* in Korea

What is the Holy Grail in Online Games?
A Banker's Perspective

Aggregators

Some people believe that becoming an aggregator with a games portal that sells every single game available is the answer. I say this only because of how many game portals are currently on the web. But most people don't realize that very few of these portals are generating any serious revenues. And even fewer people realize that some of the companies generating serious revenues may not be around in 18 to 24 months.

Aggregation as a standalone strategy does not work unless you are the number one or two player in the market—or have the bank account of Microsoft. This has been proven in other sectors such as mobile music, where aggregators grew huge overnight but have fallen even faster. (Consider, for example, Monstermob in the UK, which just reported an annual loss of $209 million for fiscal year 2007 versus a profit of $17 million in fiscal year 2006.) The primary reason that aggregators are suffering in mobile music is that the content owners (record labels) suddenly woke up to how much money they were leaving on the table in their original deals with the aggregators. Subsequently they have decided to retain most of the revenues for themselves, leaving almost nothing for aggregators. Now ask yourself, what is going to happen when casual game publishers have the power to do the same? This will not happen overnight but it will happen once there has been more consolidation in the sector and the publishers are larger or owned by larger companies. Content owners will always win in the end—and this business is clearly more about great games and than about great distribution.

Imagine a mash-up of MySpace, YouTube, Skype, Maplestory and Habbo Hotel—all together, you would be looking at over 500 million users

Publishers

Now some other people believe that publishing a huge number of downloadable games and selling them everywhere is the answer. It's true that publishing games will generate some revenues, but is it really a long-term sustainable business? Given the large (and rapidly growing) number of downloadable game publishers and developers, I'm not so sure. For instance, I'm amazed by how many puzzle games there are in the market currently. How many puzzle games can the market support? And how does a consumer differentiate among them? It is doubtful that anyone will succeed long-term with undifferentiated content in a saturated market.

The Holy Grail

For the last several months my answer to the original questions has been essentially the same: The Holy Grail of Online Games is a website that mixes great games with a fun community and social networking. Given what I have learned in the past year, my "killer app" in games would look something like this now: a website that features a casual, mass market-focused MMO with great game-play, interactivity, customization, VOIP capability, and user generated content (games, videos of game-play and avatars). The site would also have to provide a simple way to make friends, find friends, invite friends, and play with friends. It would also, of necessity, include a mix of different types of advertising, including both onsite banners and in-game promos or product placement. Imagine, in other words, a mash-up of MySpace, YouTube, Skype, Maplestory and Habbo Hotel—all together, you would be looking at over 500 million users.

Most people don't realize that very few game portals are generating any serious revenues. And even fewer people realize that some of the companies generating serious revenues may not be around in 18 to 24 months.

The first game website that offers all the key features of this mash-up will indeed be the Holy Grail of Online Games. Forget about 10 million or even 50 million users. Look for 100 million registered users for one game website. Now the only question is: Who will build it—and when?

Paul Heydon runs Unity Capital in London, UK, where he advises Digital Media companies. Paul has helped companies globally on transactions with a total value of over $1 billion. Mr. Heydon earned an MBA in 1999 and a HBA in 1990, both from the Ivey School of Business at UWO, which is located in London, Canada. Paul has worked with: Infogrames, Ubi Soft, Giant Interactive Entertainment, IO Interactive, Canon Europe, Netgem, Criterion Software, Digital Bros, Endemol, Overloaded, ITE and Lionhead.
Paul can be reached at paul.heydon@unity-capital.com.

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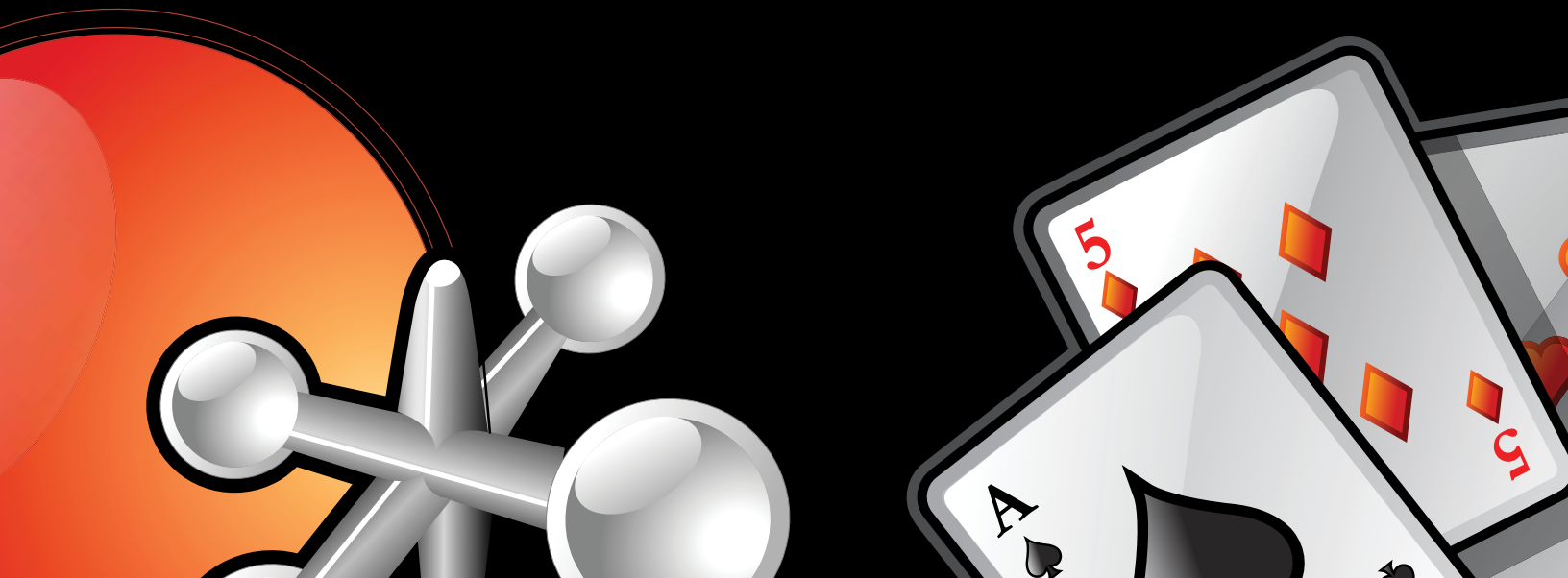

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XBOX LIVE arcade

Xbox LIVE Arcade (xbox.com/livearcade) on the Xbox 360 is the premier destination for digitally distributed, high-definition games. Xbox LIVE Arcade is a fast-growing phenomenon with over 60 game titles, 37 million downloads and a diverse library of original development and classic titles from the world's best independent and established developers and publishers. With a dynamically updated library and free trials for every title, Xbox LIVE Arcade makes it easy for every type of gamer — from casual to hardcore — to get instantly immersed in the fun. Xbox LIVE Arcade also lets friends connect and play these incredible games from either the same room or from around the world via the Xbox LIVE online entertainment network.

Windows Live Messenger

Windows Live Messenger (games.msn.com/messenger) is approaching 300 million users worldwide. Messenger is one of the most popular Instant Messaging (IM) services available, and enables customers to do a lot more than just chat. Currently, over 13 million people in more than 30 different countries utilize the rich, interactive Messenger platform to play at least one of the service's two dozen single and dual-player games each month, including puzzlers like Bejeweled and Sudoku Too, and classic card and board games such as UNO!

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MSN Games for Windows Vista (games.msn.com/vistagames) delivers an unparalleled gaming experience. Playing the games you love with Windows Vista is easier, more exciting, and more fun than ever before. Choose from a wide selection of games and experience jaw-dropping 3D graphics in a safer gaming environment for the whole family.

Merchandizing at Retail

Deciding Who Gets the Best Exposure

We focus so much time and attention on the online casual games market that perhaps we sometimes neglect the distribution opportunities available through conventional retail channels. We asked representatives from MumboJumbo and Encore to tell us a bit about how games are promoted through retail channels.

Mark Cottam, CEO, MumboJumbo

CGA: What determines who receives the best shelf locations?

Cottam: Each retailer controls the shelf assortment working off of a plan usually mandated for all stores by the retailer's Corporate office. If Corporate does not mandate the shelf layout, individual buyers will identify what product sells best for them and merchandize the shelves accordingly. The best opportunity the publisher has to influence product location is in those areas of the store that change out frequently, such as end caps and POS displays.

CGA: Do you give games developed by MumboJumbo preferential treatment over those you publish on behalf of other developers?

Cottam: As a category leader, we have a responsibility to promote the top games—regardless of the margin we make on the transaction. The following story illustrates this philosophy: One of the top three retailers selected MumboJumbo's Luxor (which at that time was new to the market and had no proven numbers to date) to be included in their product assortment over iWin's JewelQuest (which had been in the market and performing well). When we became aware of the retailer's plans, we recommended that the retailer pull Luxor from the assortment and include JewelQuest instead. The impact is worthy to note: As a result, our own game, Luxor, was delayed six months before being included in that particular retailer's product assortment. That's six month's of potential revenue at a higher profit margin not realized because of our commitment to making the casual game category as successful as possible by promoting all worthy brands across the board.

CGA: How do I get my game on the Top 10 list?

Cottam: There is no magical formula for guaranteeing your game hits the Top 10. As publishers, we look for the following elements when deciding whether to offer a game at retail:

1. Is it a fresh idea? Is there a unique game mechanic with strong product values, including compelling graphics, good music and sound? Is it polished? Does it represent a new theme or genre?

2. Is there a license behind it? For example, the game Concentration, which we are publishing at retail on behalf of FreezeTag, has high visibility and brand awareness among consumers—which will help at retail.

3. Is there a story to tell? We look for an interesting storyline with endearing characters. Stories and characters help create great packaging which is the number one salesperson for a product.

As a category leader, we have a responsibility to promote the top games—regardless of the margin we make on the transaction

Mark Cottam

Miguel Oliveira

Miguel Oliveira, Director of Business Development, Encore, Inc.

CGA: What determines who receives the best shelf locations?

Oliveira: When a new title first lands on the shelf, its shelf location is affected by such parameters as brand recognition, online sales history, and the past success of similar titles from the publisher bringing the title to retail. After its initial placement, though, the actual sell-through of the title will determine where it will reside and how much real estate it will receive. Although there are exceptions, more often than not, the better a title sells through, the more premium placement it will receive from the retailer. With many accounts such as Target and Staples, the retailer has its shelf-space carefully planned out and dictates to the individual retail stores where titles should appear on the shelf. Since buyers are held accountable for sales volume, they are naturally incentivized to try to create the most profitable mix of titles and inventory for their customers.

There are some unique product placement opportunities, however, in which the larger publishers do have some element of control over game placement at retail. Take, for example, a store-within-a-store concept in which a publisher provides point-of-purchase sales materials or the actual racks themselves. Encore does this at Staples—providing a jewel-case end-cap in which we merchandise only Encore titles. Our sales team coordinates with the Staples buying team the Encore products to place in this dedicated area, with decisions based on key performance indicators such as sell-through, launch date, and category trends. Another form of unique placement is shipping pallets—the sorts that you often see in warehouse clubs. Encore recently placed a pallet full of game titles at Sam's Club, for instance. Since dedicated racks and pallets cost the publisher a tremendous amount of money in Market Development Funds (MDF), we need to make sure the titles in them sell extremely well to generate a healthy ROI for both the publisher and the developer.

CGA: What should developers do to ensure their game will be a best seller at retail?

Oliveira: Provide your publisher creative game concepts with mass market appeal. In contrast to the online market, retail shelf space is extremely limited. And because there is hard cash cost associated with each box that gets created and distributed, retailers and publishers are very risk averse. Games that sell very well in the online channel have a very good chance of being picked up for retail publishing. It's not a guarantee of success, however—it really only gets you to first base. You get to second base by having a game with a really rich game experience. Most casual games are being sold at $19.99 online, but only top titles really get shelf space at that price level and survive the pressure of retail buyer and consumer expectations. It's a hit driven business, for sure, which means that a lot of titles move quickly into the discount bin, the jewel case section or—even worse—the dumpster. If you want to get to third base, you have to work with the right publisher. Only broad distribution can ensure access to a broad customer base—which is why it's so important to find a publisher that has good, longstanding, direct relationships with the mass merchants, major consumer electronics retailers, warehouse clubs, office super stores, and alternative channels.

> It's in our best interest to promote the most successful titles—regardless of who the developer is

> As a developer, it is always in your best interest to see that the publisher has a healthy financial incentive to promote your game

If you want a homerun, you have to let the publisher do what it does best: market, sell, and distribute the game. It's key to understand that retailers require a certain margin in order to accept a product in the first place. But beyond just the regular retailer margin, there are additional costs for which the developer needs to leave room, including market development funds (MDF), sales discounts, retailer incentives, deal-buys, and returns. Such promotional activities can be expensive, of course, but a publisher will gladly incur those costs when it has the assurance that the investment will pay a reasonable return. That's why, as a developer, it is always in your best interest to see that the publisher has a healthy financial incentive to promote your game—it ensures that the publisher's long-term goal (making money) remains squarely aligned with yours. Never forget that ultimately your success is best measured by dollars in your bank account at the end of the product life cycle, not in percentage points or dollars per unit.

Mark Cottam serves as MumboJumbo's Chief Executive Officer. Mark can be reached at mcottam@mumbojumbo.com.

Miguel Oliveira (moliveira@encoreusa.com) is Director of Business Development for Encore Inc., the #6 PC publisher in the U.S.

Family Feud Online Party

A Producer's and Engineer's Perspective

Kevin Richardson

David Fox

We have developed many casual games here at iWin, but Family Feud Online Party, our first downloadable multiplayer game (and one of the first multiplayers in the casual games industry), was a production with unexpected twists and turns which forced us to re-tool and re-think how we build casual games. The result is a fun- and easy-to-play game that brings friend and foe together.

Family Feud (licensed by Fremantle Media) is a game in which players try to guess the most popular answers to questions asked of 100 people in a survey. What makes the game quirky is that the answers aren't necessarily true—they are personal opinions. If thirty of the people surveyed believe that one of the seven dwarfs is named "Stinky," then that's a valid answer, worth 30 points.

There are four rounds, each with progressively fewer possible answers, and a final bonus round called "Fast Money" in which players try to earn 200 points by guessing the top survey answers to five rapidly fired questions.

Game Kickoff

Before starting development, we played every other interactive version of the game we could find to learn what had been done right and what had been done wrong. We played PlayStation, DVD, web browser, and phone versions, and watched dysfunctional families hopping around hugging each other on the TV episodes as well. It's a dirty job, but. . . .

We learned that, in order for an online version of Family Feud to be successful and fun, the game needed impeccable answer matching. After a player types in her guess, the computer has to match that guess to one of the answers from the survey. Even in the most polished versions we played, if the matching was off, it was a miserable experience. If a question asks "What do you do when you get mad?" and the player responds, "Get some fresh air," then it should match the top answer: "Go for a walk." Making that match is an easy job for a person sitting in the production box of a TV studio, but it's a very hard task for a computer.

Our conclusion was that the matching system, however it worked, was the heartbeat of the game. It had to be intelligent, fair, and discerning—as "human" as the TV show judge. Even so, it disturbed us from the very beginning that no matter what we did, the matching would never be perfect.

Fuzzy Logic

We received the database of questions and answers early in the production. It consisted of the survey questions, the most popular answers from the survey, and the points associated with each answer. We immediately set about trying to figure out how to achieve the "human" matching that we wanted.

The first half of the solution was fuzzy logic. An advantage we had is that David Goodman, the software engineer assigned to the task, has a background in artificial intelligence. David designed the fuzzy logic, the database system and the editing tools for Family Feud.

Our fuzzy logic system had to match answers that were spelled wrong, answers with typos, words run together or split apart, as well as synonyms that cover all the different ways that humans can say the same thing. Thus, "spaghetti" had to match "spagetty," and "big car" had to match "large automobile." In that sense, the matching had to be very "loose." At the same time, though, it couldn't match "shirts" to "skirts" or "shorts" since those might all be separate answers to a question. It had to be tight in places.

The fuzzy logic uses a set of rules to match different forms of a word. For instance, "Walk" matches "Walked" and "Walking." The logic matches words split or joined, like "police man" and "policeman." It matches common synonyms, so that "tiny" matches "little" and "wee." The synonym list includes a variety of items, from bodily functions and body parts to weapons, soft drinks and car models.

After much trial and error, the fuzzy logic evolved to the level of intelligence we needed, but its task was to match a player's guess with the answers and answer patterns. We still needed a way to supply that data to the logic.

Human Editing

To anticipate all the possible answers for each question, two full-time editors painstakingly added synonyms and alternative ways of expressing each answer. Over a six-month period, these editors used a special tool which allowed them to iteratively type in every possible answer the game should

To keep the animation lively, we made sure that nothing would ever go from point A to point B at the same rate or without first announcing its move

accept and then click a button to test them. The result is a report that lists answers that should have matched but didn't, uncovering both editorial and logical issues. We also had QA, executives, engineers, producers, and others using this tool in an attempt to thoroughly scrub the database.

The test report was sent to the editors, who used the editing tool to add or repair the answer patterns. The tool also spell-checked, looked for errors, and tested the length of answers and questions. Each set of questions and answers was edited for matching logic over more than seven iterations. The result is a hybrid of human and artificial intelligence that allows the game to answer that catchy phrase, "Survey says…!?"

Keeping it Clean

Another challenge in developing Family Feud was that players can type whatever they please, including words best left unsaid in public. Using naughty words to answer questions, though, is fun. What we decided to do was make all the displayed survey answers squeaky-clean, but allow the fuzzy logic to accept sailor-speak. For example, if the question is, "Name something associated with Marilyn Monroe" we would accept many words related to her superb anatomy even though the displayed answer is always "Nice figure." In chat, there is also an optional filter that replaces bad words with comic symbols such as @#$%^&.

Game Show Host

Nick Rush (one of the creators of You Don't Know Jack) wrote the design document for the game. His experience helped give the game a "live" feel while at the same time constraining the amount of dialogue needed to keep the footprint down. We wanted the dialogue to feel natural, so all voiceovers are complete phrases, and not . . . assembled . . . from . . . partial recordings.

Terry McGovern, the voice of our host, was Flip Wilson's sidekick for a season, and before that the lecherous brother of Richard Dreyfus in American Graffiti. He provided the energy as well as the "rarified" sarcastic comments and ad hoc silly lines that keep the game feeling fresh. The sound effects came from the actual TV show with some additional effects created by Greg Rahn at Soundmindz.

The game shipped with a smart auto-updater that would automatically patch any files that had changed whenever a new release occurred

Art and Animation

We started with a very detailed storyboard that mapped out the flow of the game. In addition, we wanted to give each graphic its own personality, incorporating as many of the 12 principles of animation (exaggeration, anticipation, squash and stretch, etc.) as possible. To keep the animation lively, we made sure that nothing would ever go from point A to point B at the same rate or without first announcing its move.

The animations that required a mixture of frames and procedural movements were prototyped as QuickTime movies in Adobe After Effects and discussed before being programmed. To add freshness to the animation, we built in variables for the bouncing and settling of all the graphics so that the game never felt too mechanical, despite repeated motions.

Online Party, Baby!

Before bringing Family Feud online, we released it as a standalone product developed with our proprietary C++ game framework. The game was channeled through the usual casual games distribution channels and became a bestseller, so we knew we had something.

Since iWin began its existence as an online Java and Flash "skill-based" game company, we already had a mature and battle-tested game communication server and account management tools. We had community web pages such as player profiles and a friends list, and some robust e-commerce tools as well. We had already put a lot of thought and work into creating things like lobbies, avatars, awards, ratings, and high-score leader boards.

So we figured we'd just leverage our flashy C++ game with our back-end community magic and couldn't fail, right? But we weren't sure about two things: How do we write the code to make it happen and how do we actually make money off the sucker?

Web/Game Hybrid

First we needed to figure out what language the online game should be written in. We investigated making the game into a rich Java or Flash applet, capable of running in a web page, but that would involve reworking all of the existing fuzzy logic, animation, and game-play pieces that we had already spent so much time tweaking.

Our download game engine provided great 2D graphics and rich audio, and it tapped directly into video memory, the stack, the file system, the mouse and keyboard, and other pieces of the local operating system. We didn't want to lose any of that. And so we investigated just writing a game lobby, friends list, avatar creator, trophy room, user profile, stats info, and all of the account and credit card processing panels as additional C++ components. But that seemed like a lot of redundant and painful work since our proprietary game framework lacked common interface widgets

such as tables, pull-down lists, and forms. Additionally, our existing web applications offered up flexible UI, simple and secure e-commerce capabilities, and backend systems integration. Writing those components using C++ would lock us pretty hard into inflexible design and functionality.

In bringing the venerable Family Feud license to a multiplayer experience, we decided we needed the best of both worlds. So we architected our proven C++ game engine to support an integrated web browser and Adobe Flash control. This wasn't without challenges. Our engine wasn't based on MFC or .NET, so we couldn't just drop in a COM browser control. Instead, we had

What makes the game quirky is that the answers aren't necessarily true

to use some fairly "hacky" code to have an off-screen, embedded IE browser write to our game window. We then overrode some functions so that we could create a custom protocol called link:// that allowed the web pages to pass data to the C++ application. (This article was a leaping off point: http://www.adp-gmbh.ch/win/misc/mshtml/index.html.)

How It Works

A player logs into the game using a C++ dialog box as part of the game framework. This allows the game to store the username and encrypted password. The data is then passed, via secure HTTP, to our web server where the account is validated and a player session is set up. Once a player is signed in, she can hit web pages to do things such as subscribe via credit card or PayPal, see her account status, edit her profile, or submit a new survey question. These web pages entirely take over the game screen and are designed to look like just another part of the game. The only hint that she is in a browser is a slight pause and a loading animation while the page streams down.

When a player is ready to play, she chooses her lobby and the game itself then connects, via Winsock, to one of our game servers. The client passes in the username and password to ensure security. Players can then proceed through the rounds of game-play, chatting, booting, ignoring others, and collecting new friends.

Business Model

We knew we wanted to charge a recurring subscription for the game, but we had only vague theories concerning cost and length of subscription. Having the subscription and e-commerce routines happen in web pages allowed us to test a multitude of pricing models until we hit upon the one that has proven to be successful.

Episodic Content

Shortly after launch, we noticed that subscribers would drop off more quickly than we had hoped. Accordingly, we decided to add an episodic feature through which players could log in every Tuesday and Friday and be guaranteed to see at least two or three games with brand new questions. This is the most labor-intensive, ongoing aspect of the game. New survey questions are written by our in-house writers, who also consider questions submitted to us by the community. We then run surveys during each game's intermission. Once we receive enough answers, the responses are grouped and the logic is built out using the process outlined earlier. Then the new sets of questions are released on our staging server, tested more, and finally pushed live. The feature has proven to be enormously effective at getting people to return day after day and month after month.

QA and Customer Service

As you might imagine, a game of this complexity required a testing plan of similar complexity. Not only did we have the actual game to test, but we had web page components and multiplayer features. It takes time to set up multiple clients, have a player enter a room, answer questions, leave a room, etc. There were many scenarios to keep track of since players could join the game at any point, and no testing plan seemed to capture all of the possibilities. The lead Online Party developers were able to assist QA by creating bots which could answer questions, enter rooms, leave rooms or stay in a specific room, and do many of the things a real player would do. We had smart bots that knew all of the answers, dumb bots that sat there and chatted, as well as fickle bots with attention issues that entered and exited games repeatedly. Since release,

Our conclusion was that the matching system, however it worked, was the heartbeat of the game. It had to be intelligent, fair, and discerning—as "human" as the TV show judge

Customer Service has become the front line for bug reports. Customer complaints and issues are reviewed on a weekly and sometimes ad hoc basis to make sure there are no interruptions to the service and that the subscription process and auto-renewal system is functioning as expected. It's an ongoing process. Whenever we get asked if we closed all of the bugs, we still have to answer: "For now. But ask us again in ten minutes!"

Having the subscription and e-commerce routines happen in web pages allowed us to test a multitude of pricing models

Releases and Maintenance

When we launched the game it didn't have all of the features we would have liked to include. Also, we knew that testing with only a few hundred players couldn't reveal all of the technical weaknesses in the game. Because much of the experience is web-based, updating all community pages was relatively easy. But updating the C++ client and associated art and audio assets was another story. The game shipped with a smart auto-updater that would automatically patch any files that had changed whenever a new release occurred.

Releasing updates to a live community is very scary, of course. We try to only post updates that are absolutely necessary and only after extensive testing, since all clients, for all iWin subscribers and all partners, will inherit the changes. Any mishap or breach in the testing process can be potentially devastating.

Online Awaits

We hope that Family Feud Online Party will challenge the industry to push the envelope in interactivity and blur the differences between web, game, and television entertainment, putting the player at the center of the action. It certainly stretched all of us.

David Fox is currently the Vice President of Technology at iWin, Inc., developers of the best-selling casual games Jewel Quest and Mah Jong Quest, in addition to Family Feud Online Party. He can be reached at dfox@iwin.com.

Kevin Richardson is currently working as an independent game producer. While at iWin he produced the best-selling Family Feud Online Party, Feud I, Feud II, two Trivial Pursuit games, and Hasbro's word game Boggle. He can be reached at krichardson123@yahoo.com.

The Other Virtual Reality

How to Build and Maintain a Productive and Effective Virtual Organization

John Say

A "virtual organization" is simply one that does not have central geographical location and exists solely through telecommunication tools. While that may sound simple enough, the ramifications of maintaining such an organization can be quite broad and complex.

Although the best collaboration and teamwork often exists in an office setting—where there is a level of synergy that is hard to capture virtually—the virtual team concept has too many perks and advantages to be dismissed altogether. In the 17 years since I started Say Design as a virtual organization, I've learned a few things about how to make a virtual organization work.

Motivations

Two major turning points in my life motivated me to look more seriously at the virtual organization concept: when I got married, and when I became a dad. It's amazing how much these events motivate you to want to maximize the quality (and quantity) of time available for life outside of work. Even so, I wanted to build cool games while increasing work productivity, inventiveness, and efficiency in an industry that tends to take up a lot of time. Knowing that I wasn't the only one with a desire for a better quality-of-life, I decided to establish and maintain a completely virtual structure which would provide the opportunity for talented people from across the globe to combine their passion and excitement for games—and perhaps do some incredible things together.

I began to see more clearly the win-win this direction would create for Say Design. For one thing, it would bring together people with great talent and vision who are looking for the higher quality of life and career satisfaction that only a small virtual game design team can provide. What's more, it would promote the limitless creativity and innovation that results when a strategically diversified and culturally rich team is brought together with the aid of technology. I also sensed that a virtual structure would permit us to become an organization that never sleeps, a phenomenon sometimes expressed this way: "As the world turns, the innovation never ends."

Everyone dreams of working from home, but we have found with all the advantages there are plenty of disadvantages to come along

At the 2007 Vancouver International Game Summit, Jason Della Rocca, Executive Director of the IGDA was on a panel for a discussion named "Workforce Optimization: Investing in Human Capital." He floored everyone with this statistic: The average work span of game industry professionals is about 5.5 years . . . after which they move on to another industry! Now whether you believe that statistic or not, you have to acknowledge that work/life balance issues are one of the main reasons people leave our industry. In addition to losing that initial investment into experienced people, the long-term downside for game companies also includes the constant challenge of finding new people to train while maintaining a high level of teamwork and productivity.

While you should dignify team members with your trust, at the same time you must let them know that it is up to them to nurture that trust through updates and periodic status reports

Challenges

When I started my virtual studio, working with a virtual team was easy because the games were small and few. However, as our games became more complex and more numerous, major challenges arose. As we started to increase production, projects began to suffer setbacks—due primarily to a breakdown in communication. Those breakdowns challenged us to either find a solution or declare the virtual team a failed experiment which simply couldn't map to more complex and simultaneous projects. But we were not about to give up that easily. Immediately we began looking for better collaboration tools to help bridge the gap—but we knew that was merely one piece of the puzzle. We also needed to expand the leadership core of the team—a pivotal step in our evolution as an organization. We needed someone who not only had experience directing virtual talent, but who also shared the existing vision and management style. Ultimately we hired a producer from one of our clients who had worked with us before and shared our passion for game innovation and collaborative teamwork.

One obvious challenge that no doubt worries many who contemplate the virtual team has to do with accountability of team members whose daily work cannot truly be monitored. Early in our venture down the virtual team path, we made the mistake of allowing too much time to go by without requiring proof of productivity. In one case, months went by without an update. Even when we made periodic requests for progress, we were told that more time was needed to show a presentable build. It turned out that the virtual producer had been working on a book and other "side-jobs" and had put our project off for a planned last-minute crunch. As a consequence, the trust was broken and the member dismissed—but not before he had caused permanent damage to that client relationship.

From that experience, we learned two valuable principles: (1) Production doesn't lie; and (2) While you should dignify team members with your trust, at the same time you must let them know that it is up to them to nurture that trust through updates and periodic status reports. Subsequently, we instituted weekly time reports to better gauge productivity and also to help each virtual team member to maintain a sense of accountability. Our intent was not to micromanage, but rather to better enable them to be truly productive.

Advantages

Because virtual teams by nature become proficient in online collaborative tools and remote communication, they are much better positioned to integrate well with external studios. As partnerships are forged with select studios all over the world, the virtual game studio can match key proficiencies and strong-points of each studio to a specific game. The end result is really a meeting of the minds, a convergence of specialties that I believe produces superior results—provided, that is, that the virtual team assembling these disparate resources reinforces a common vision and remains the driving force behind the project.

Aside from partnering with external studios (both domestically and overseas), we also believe strongly that the virtual core team can benefit from identifying key areas or cities within which it can expand. Although each person still works from a home or nearby office, having co-workers in proximity can be very advantageous, especially when they are assigned to the same projects. There are many great advantages to this strategy, including:

1. Proximity allows for weekly face meetings at which the local team can collaborate and discuss sticky issues. These get-togethers can be held at someone's home (make it a BBQ!), in a leased conference room, or even at a Starbucks.

2. With a majority of the virtual team within a few days of travel of each other, executive staff can meet face-to-face with team members on a regular basis as necessary.

3. From time to time, team members can throw parties or picnics to help the team forge friendships that can contribute to more willing and eager collaboration when

When I started my virtual studio, working with a virtual team was easy because the games were small and few. However, as our games became more complex and more numerous, major challenges arose.

John Say is the Founder of Say Design, which is now in its 17th year of operation. Say started as a graphics and interactive studio. In the past eight years, Say has been focusing on game design and development for Web (Flash & Shockwave), PC Download and most recently, XBOX Live Arcade, Nintendo Wii / DS, and a variety of other platforms/devices. John can be reached at j.say@saydesign.com.

such social interaction in an otherwise virtual operation cannot be overstated.

The Right Stuff

We've learned that one of the secrets to success is finding the right people to bring on board. Most people like to have a flexible schedule. They prefer to have little or no commute and to not have to deal with office politics. Even so, not everyone has the self-discipline, motivation, and responsibility necessary to be an effective member of a virtual team. Accordingly, we've learned to carefully describe the challenges of working virtually during the interview process.

For example, those who see the workplace as a key area for socializing and making new friends may find it difficult to work on a virtual team. The same is true for those who do not deal well with confrontation inasmuch as it is so easy to let problems fester rather than dealing with them and moving on. Such people are likely to do better in a traditional shop where there is greater social interaction. Although our team spends a great deal of time on the phone brainstorming ideas, resolving management challenges, and even collaborating with the aid of virtual whiteboard tools, we don't have the advantage of seeing one another's facial expressions and body language.

Some strategies we use to assure higher levels of success are similar to what any company looks for when hiring, and they include:

1. Find out if a candidate has any past work experience in similar structures. What were the challenges they faced when working with remote co-workers, and how did they deal with those challenges?

2. Check out all references to better understand how self-sufficient and self-motivated the candidate is. How much management effort have they required in the past?

3. Use a three-to-six-month evaluation (test) period to gauge whether a new hire can really be productive in the virtual setting. See if this person is going to be a good contributor to the overall entrepreneurial spirit, work ethic, tone, and level of passion you desire to maintain.

4. Assess how coachable a candidate is. How well does a prospect take direction and criticism? How willingly and effectively does the candidate help out on tasks that may not map to his/her core competencies?

These and other areas are of high concern to the virtual team builder. Each one can dramatically affect the culture, productivity and ultimate success of the team. When all parties work in unison, with a high level of mutual respect and cooperation in improving the overall structure, the virtual team can become a highly efficient unit.

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A New Approach to Monetization

A Conversation with Assaf Monsa of Double Trump

A few years ago Assaf Monsa teamed with Uri Arad to start Double Trump, a New York-based technology company with a unique approach to monetization. We recently caught up with Assaf in his home town of Jerusalem to find out more about why Double Trump thinks its model is going to change the world of casual games

CGA: Can you describe your monetization method?

Monsa: We call it Micro-Licensing™. Very simply put, instead of having to buy a game, the user can play any game she wants, paying only for the actual time she plays. Once she reaches $19.99 on a specific game in aggregate, the game is hers. It's that simple. It's sort of like a lease-to-own model: You pay as you go; and once you've paid it off, you own it.

CGA: How does it work?

Monsa: It's like a calling card for games. A gamer opens an account and charges it with money, then she can use that money to play for a penny a minute. When her balance is close to zero, she is prompted to refill her account, which she can do with one click.

CGA: Why were you interested in trying out another monetization model?

Monsa: Everybody in the industry knows the answer to that: low conversion rates (or, the million dollar question of "how do we monetize the other 99%?"). In the Try-and-buy model only 1% of the users actually buy, even though more than 30% finish the one-hour trial. There are so many people who like a game, but only a small percentage of these people buy the game. While there are gamers who are content with getting one hour from each game and never buy, many people do buy games, but not each one they like. They hesitate a lot before buying a game for $20 (or even for less). Also, since many purchases have ended up disappointing buyers because the games were too hard, or too easy, or lost their charm after a few hours—or just because a better game was launched the next day—consumers hesitate before making a purchase.

So we thought: Why don't we just let people play any game they want without making a commitment? We surveyed gamers and found that there is a lot of interest in that model. The main points of interest were the ability to access a variety of games instead of just the couple of purchased games, and the guarantee that you never waste a nickel—that you don't pay if you don't play. At the same time, we needed this model to generate money for the developers and portals.

It's like a calling card for games. A gamer opens an account and charges it with money, then she can use that money to play for a penny a minute

Assaf Monsa

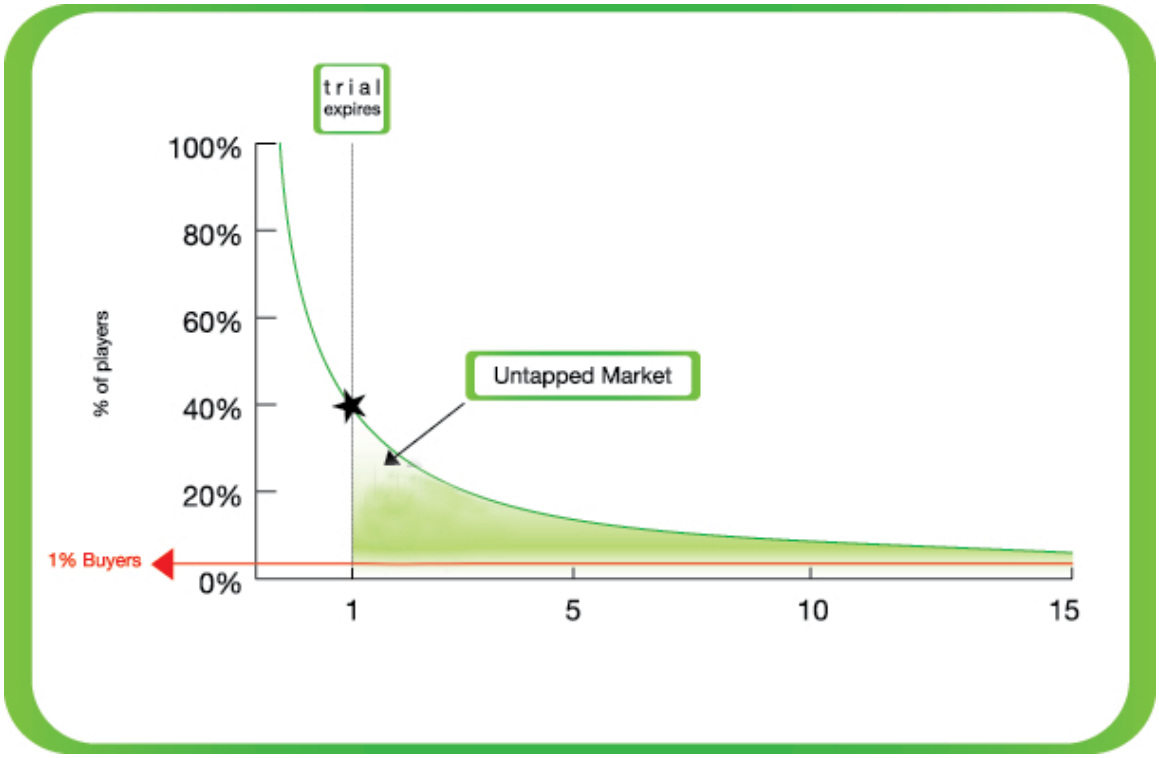
CGA: I can see why the consumers love this model, but can it generate much money for developers and portals?

Monsa: It can actually generate much more money than the current model. Compared to the few who actually buy your game, we think there are maybe 30 times that number who want to play your game for more than the one hour. The sheer numbers represent a huge revenue opportunity. The other way to look at it is through usage: Gamers play three to seven hours a week on average—or even more according to PopCap's survey. Multiply that by one cent a minute and you see that the typical player represents a $150 per year opportunity. You can never get that on average with the try-and-buy model.

CGA: What were the first initial barriers you had to overcome to get your system up and running?

Monsa: First of all, it's a lot of technology. We had to develop a system which can license multiple games with the same license, monitor their usage whether the user is offline or online, and report the usage. It had to handle the back-end management of stored-value accounts, invoicing, creating reports for our partners, and so on—it's a huge amount of work. The methodology has been in the oven for almost three years. This is not a "simple" DRM/Try-and-buy wrapper—which takes a whole lot of time to develop as well. That's why we patented the technology as well as the business model.

What's more, we needed to make sure we



would get cooperation from publishers and portals. We needed to convince everybody that what we said made sense—even though initially it was all just in an Excel spreadsheet.

We also had to talk with consumers. We talked with many, many gamers to find out if what we offer is what they are looking for, figuring out exactly which problem we solve for them.

And finally, it all had to work together—for users, developers and portals. Everybody has to get a win if we want this model to be successful.

Luckily for us, we had a lot of help and support from people in the industry.

CGA: Now that you have your test website up, are the initial results encouraging?

Monsa: The results provide strong support to our model. We can finally see how the model works when you take it from the whiteboard and into the market. We can see a very interesting lift in conversion, as well as a significant enhancement to the average revenues per user. These lifts are very meaningful—we see more than twice as much revenue per paying customer than what today's portals see, and more than 50% lift in conversion compared to a Try-and-buy-only control site we operate. So we are very encouraged. It seems as if consumers are interested in the model, and pay more when they use it. It's a great combination.

CGA: Can your system be used in conjunction with the new advertising models?

Monsa: Yes, it can. We are working with the current in-game ad systems, most notably with Eyeblaster, to create a mutual offering—so that a site can offer one package that supplies both ads and our model. They can also offer a hybrid model—combining ad-supported games and pay-as-you-play—which allows consumers to make the trade-off between viewing ads and paying by the minute for an ads-free game.

We are very curious to see how the in-game ads model will hold its revenue numbers. The income per hour of game play depends a lot on the number of ads you can put in front of the user—and on the price you can charge for these ads. When the number of games that are offered in an ad-supported model is higher, the placements offered also expand, and these ads have to sell to create the revenues. Naturally, monetizing the first free hour of trial is extremely important, and this will always be an important place for ad-based revenue.

CGA: How does your model measure up to a more traditional approach? From a revenue standpoint, is it meeting your expectations?

Monsa: We see better results in all the parameters we measure. For game portals, adding our model creates more revenue and improves stickiness. Our site is still small compared to the major portals, of course, but given the small investment we have put into marketing, the revenues work great.

CGA: Have there been any big surprises along the way? Anything you hadn't anticipated?

Monsa: Well, actually yes. First of all, we were pleasantly surprised on how fast users

"got it." We were sure that offering a new business model, with such a strong try-and-buy standard around, would make the message hard to communicate. To our surprise, our consumer surveys and focus groups told us that a short sentence was all gamers needed to understand our proposition.

Another surprise is how well our offering on eBay worked.

CGA: eBay? What are you doing on eBay?

Monsa: On eBay we're offering a $5 game card that is worth 500 minutes of game-play. People buy these cards very fast and very often and even buy them for family members or friends as gifts. And they are extremely happy with their purchases. We now understand that this kind of a game card is a unique product that gamers want, and some of our partners have become interested in offering them on their sites.

We believe we have built an all-win solution. For consumers it's basically all gravy

CGA: How much work is a developer required to do in order to integrate with your system?

Monsa: Absolutely nothing. The developer simply delivers the same package that it delivers to any other portal in the market. There is no extra work needed. We can take any game out there (and the system was actually tested on almost all the games available on the major portals) and easily enable it to work with our PlayOn system. This is a simple and fully automated process; it takes just a couple of minutes per game.

CGA: How does the revenue share work for publishers?

Monsa: We are allocating each cent we charge to a specific title, and the publisher of that title gets a revenue share out of that money. We have a record of each minute played and the publishers receive this information.

CGA: And what if the gamer does not reach the charge cap?

Monsa: That would mean she was not interested in playing the game—so ownership is less important. At any rate, we keep a record of the money spent on that game forever, so the user can return to it whenever she wants. At the same time, the money deposited in her account can be used to play any game—so rest assured that it will get spent on some game or games eventually.

CGA: What live sites are you on right now?

Monsa: We are operating our own site, PlayOn Arcade (www.playonarcade.com), which we created to offer the new model and get data on how the economics of the model work. Fourteen publishers have already signed with us, and we are discussing this kinds of partnership with many more. Now that we have this performance data, we see a lot of interest from many of the major portals. Our next step is to work with other sites and help them offer games with our model, using our platform and service. Given our current results, it's apparent that portals today are leaving money on the table—money which they can pick up with our turnkey, easy-to-integrate service. We are now raising capital in order to expand the management team, with a strong emphasis on scaling our operations to better serve the growing market.

CGA: Would they have to work with your pricing?

Monsa: We worked hard to get to a pricing model that works for everybody. The parameters—the price per minute and the charge cap, primarily—can, of course, be varied in a number of ways, so that portals can even charge a different price for different games if they wish to. The platform is very flexible and allows for many variations.

CGA: Do you believe that introducing this model into the market will be disruptive? Will it change the way people buy games?

Monsa: Definitely! The model is better for consumers and makes more money for portals and publishers. In our view, in the long term it is going to result in a material change to the industry. Once it is established, we think that the try-and-buy model will diminish and the market will be divided between our model for most users and subscriptions for high-level users. There will always be someplace a consumer can make a direct purchase, but we think most game players will convert to our system. We think this change is coming and is for the best. That is why we created Double Trump.

Assaf Monsa is co-founder and CEO of Double Trump. Assaf can be reached at assafm@doubletrump.com.

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As casual game developers, we have a contradiction in our business practices. We are competitors, each striving to coax consumers to spend their money on our games rather than on some other company's games. Yet we are also collaborators, offering the games of our fellow developers alongside our own in exchange for a percentage. So how do we achieve any degree of differentiation in a market that requires us to collaborate with the competition? The solution is to distinguish between what we make and how we make it: We need to collaborate on process, and differentiate on content.

We all know that if there is not enough variety, our games are either too short or too repetitive. So what content do we add to a game that makes a meaningful difference to our audience? Both more content and diverse content have their own headaches. More content in a game provides differentiation, but it also leads to more work, longer startup times, more testing, and bigger downloads. And we want to diversify, but not too radically—because although variety may be the spice of life, you can't make a whole meal out of spices. What we need, therefore, is a way to make games that can offer more content, use fewer resources, and do it without being repetitive.

Here are some processes that can help add richness, variety and "replayability" to your games. Most of these techniques have been around for a while in some form or another, and you can spot them in a few hit casual games. They are just the beginning of a long and exciting path towards games that are increasingly empowered to give our customers more of what they want without developer intervention. No matter how simple or elaborate a game is, you can use these tricks with minimal effort to enrich your games.

Fast Food

Visit any fast food chain and look at the menu, and you will see dozens of choices. Interestingly enough, there are more choices on the menu than there are ingredients in the kitchen. Combining some fraction of those ingredients with a minimum of effort and unskilled labor creates a wide variety of offerings.

This is the most common way to cram a lot of content into a small game. Break your content into several highly reusable chunks, and then store only the information on how to arrange those chunks. The game Tropix, for example, has several minigames and environments that very cleverly combine and reuse a modest library of assets. PopCap's Bookworm Adventures presents an epic tale and scores of characters by recombining body parts to create a formidable cast of enemies. And the classic retro RPG Aveyond takes place on large maps made of tiled, repeatable images.

This system has its limitations, of course. Like fast food, everything starts to look the same once you've seen all of the ingredients. And the environments remain identical from session to session and player to player. If the world remains the same, then the replay value has been lost; the interaction has been replaced with a sequence of steps that the player performs in order to recreate a familiar story.

Chinese Combination Plate

Let's leave that fast food stand and visit a Chinese restaurant for lunch. You will see a long menu of lunch specials, but your options are limited. Each lunch special consists of an entrée, steamed or fried rice, and a fortune cookie. If they really pull out all the stops, then you also get your choice of a soup, a fountain beverage, and a fried wonton or eggroll.

Applying this same principle to your game design, you might build a sort of "Chinese Combination Plate Generator." The developer creates a world with blanks where certain information is supposed to go. The game stores possible data to fill in those blanks, then randomly selects something different each time. For instance, the Virtual Villagers games each generate a cast of characters with randomly selected clothing,

Bookworm Adventures presents an epic tale and scores of characters

Aveyond takes place on large maps made of tiled, repeatable images

In World of Warcraft, the player selects a race from a list of eight to 10 possibilities

hairstyles, talents, likes and dislikes. Each time you play the game, you have a very different population.

Some games, like Tetris and Bejeweled, use this randomness as the core game to create a highly replayable experience. During each session, the player is confronted with a large quantity of randomly selected components, and must devise tactics specific to the situation.

Many popular games allow the player to get in on this action, too. WildTangent's FATE and countless RPGs offer players the chance to customize a character by picking one item each from a list of genders, classes, faces, hairstyles, and so on.

Your audience will eventually catch on that while the ingredients are interchangeable, they have little to no effect on each other. Whether Sally has a red helmet or a blue bonnet, or whether the evil wizard's name is Werdna or Mondain, the game plays the same. The choice of a particular ingredient has no influence on any other choice. Fortune cookie says: Tomorrow will be just like today.

The Iron Chef

Enough cheap food for now. Let's see what happens when world-class talent takes a stab at preparing a meal. On the international hit show "Iron Chef," two very accomplished chefs meet on a stage consisting of two fully staffed and fully equipped kitchens. The flamboyant host unveils a key food item and the clock starts ticking. Each chef has exactly one hour to prepare a sumptuous feast for the celebrity judges. The preparation of such a meal provides an excellent and useful development model for generating content. Each choice made throughout the process is affected by every previous decision, and it in turn influences every subsequent choice. It's like taking the Combination Plate Generator and kicking it up a notch. In Blizzard's mind-numbingly popular game World of Warcraft, the player selects a race from a list of eight to 10 possibilities. The choice of race immediately constrains the possible professions of the player. The player also picks a gender, and the race/gender combination leads to a unique list of customizable physical features. A male dwarf can pick a style of facial hair, but a female gnome can instead pick out a set of earrings. Some of these variations are purely visual, but that is meaningful content in a world with thousands of characters. Other pieces of information have consequences that follow you into the game and influence your character's abilities and how it is treated by others.

So how do we achieve any degree of differentiation in a market that requires us to collaborate with the competition?

Now We're Really Cooking

This Iron Chef system leads to novel experiences from session to session and from person to person. Generated content has the potential to engage players' attention, stimulate their brains, and allow unique stories to unfold. And when players can have different experiences from one another, it leads to discussion and the sharing of stories. We call that buzz—and buzz is very, very good.

Simple sequences like the stream of puzzle pieces in Tetris or the procedurally crafted worlds in FATE are just the beginning of self-creating stories. Here are some other possibilities:

- For a game with characters that talk to one another, offer multiple versions of basic dialogue, and filter it based on the character's chosen traits and any events that may have transpired.

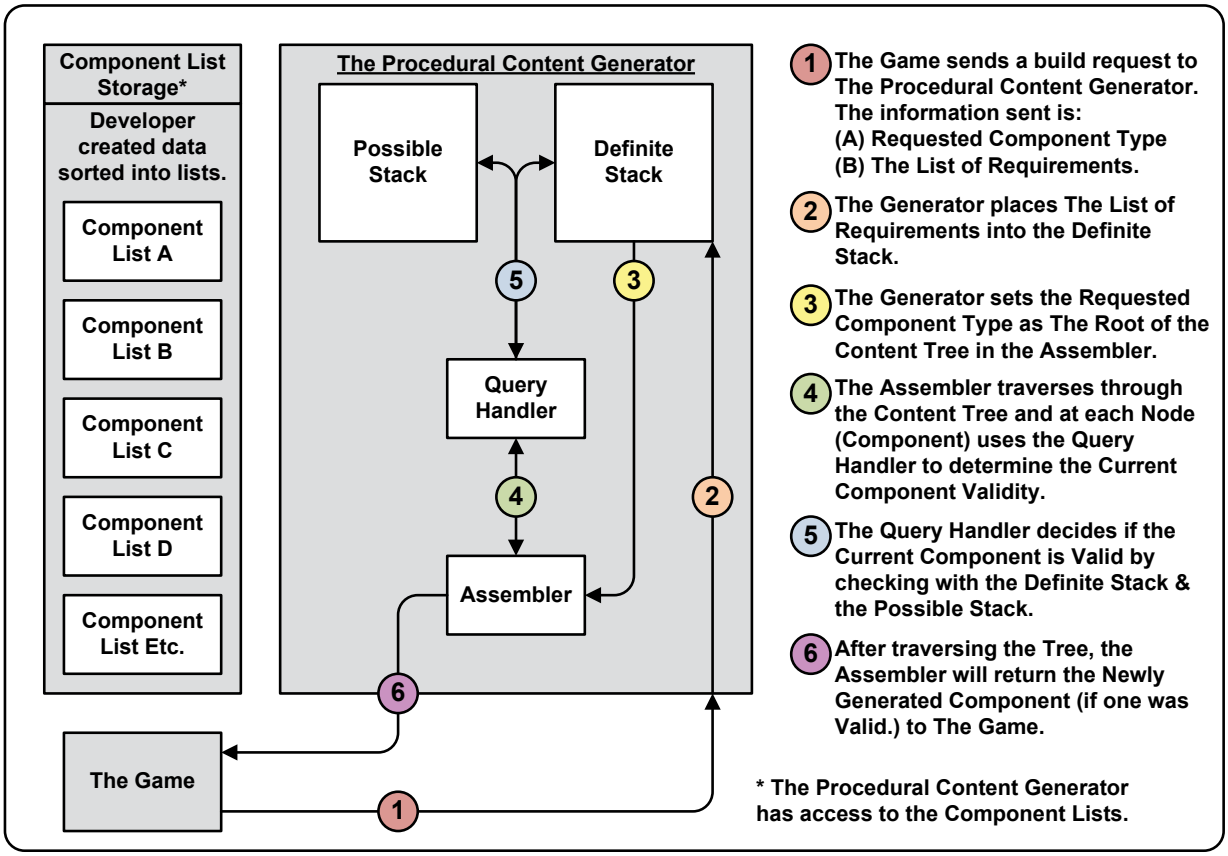
- For a click-management game like Diner Dash, how about this: procedurally generate a character with randomly selected strengths and weaknesses, then give her a store in a random location. The location determines prices, clientele, starting facilities, interior decoration, and the business goals that you must meet to succeed.

Virtual Villagers games each generate a cast of characters with likes and dislikes

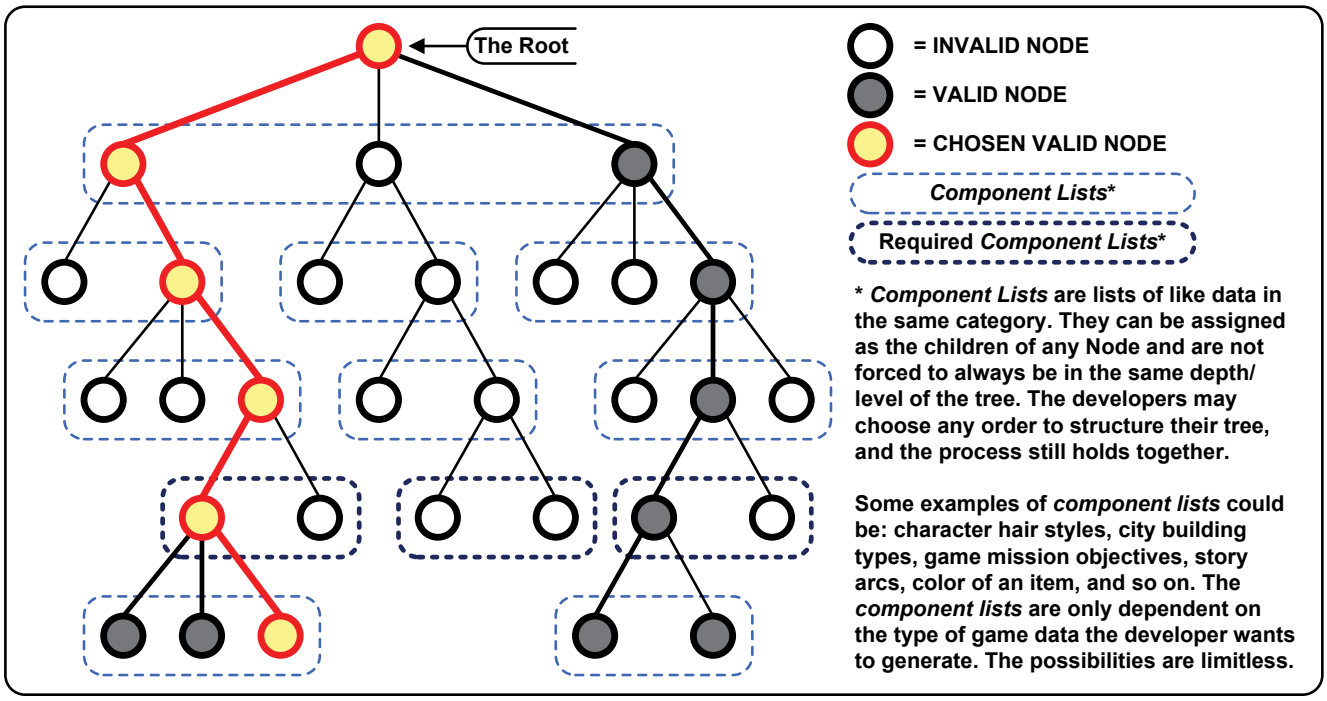
Bejeweled uses randomness as the core game for a replayable experience

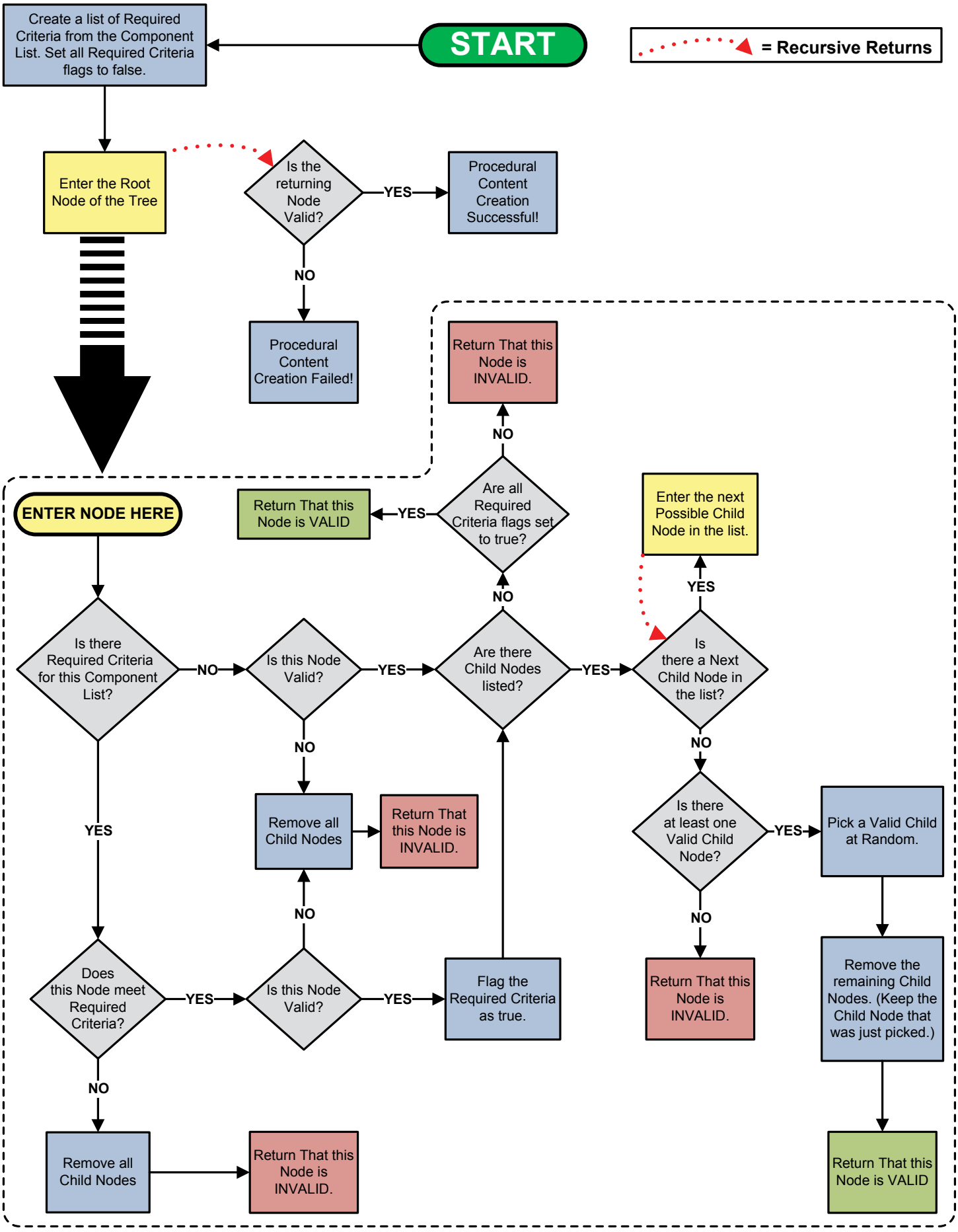
FATE offers players the chance to customize a character

Basic Generator Architecture


Component List Storage*
Developer created data sorted into lists.
Component List A
Component List B
Component List C
Component List D
Component List Etc.
The Procedural Content Generator
Possible Stack
Definite Stack
Query Handler
Assembler
The Game
1
2
3
4
5
6
1 The Game sends a build request to The Procedural Content Generator. The information sent is: (A) Requested Component Type (B) The List of Requirements.
2 The Generator places The List of Requirements into the Definite Stack.
3 The Generator sets the Requested Component Type as The Root of the Content Tree in the Assembler.
4 The Assembler traverses through the Content Tree and at each Node (Component) uses the Query Handler to determine the Current Component Validity.
5 The Query Handler decides if the Current Component is Valid by checking with the Definite Stack & the Possible Stack.
6 After traversing the Tree, the Assembler will return the Newly Generated Component (if one was Valid.) to The Game.
* The Procedural Content Generator has access to the Component Lists.

Example Content Tree


The Root
= INVALID NODE
= VALID NODE
= CHOSEN VALID NODE
Component Lists*
Required Component Lists*
* Component Lists are lists of like data in the same category. They can be assigned as the children of any Node and are not forced to always be in the same depth/ level of the tree. The developers may choose any order to structure their tree, and the process still holds together.
Some examples of component lists could be: character hair styles, city building types, game mission objectives, story arcs, color of an item, and so on. The component lists are only dependent on the type of game data the developer wants to generate. The possibilities are limitless.


START
= Recursive Returns
Create a list of Required Criteria from the Component List. Set all Required Criteria flags to false.
Enter the Root Node of the Tree
Is the returning Node Valid?
YES
Procedural Content Creation Successful!
NO
Procedural Content Creation Failed!
ENTER NODE HERE
Return That this Node is INVALID.
NO
Are all Required Criteria flags set to true?
YES
Return That this Node is VALID
Enter the next Possible Child Node in the list.
YES
Is there Required Criteria for this Component List?
NO
Is this Node Valid?
YES
Are there Child Nodes listed?
YES
Is there a Next Child Node in the list?
NO
NO
YES
Remove all Child Nodes
Return That this Node is INVALID.
Is there at least one Valid Child Node?
YES
Pick a Valid Child at Random.
NO
NO
Does this Node meet Required Criteria?
YES
Is this Node Valid?
YES
Flag the Required Criteria as true.
Return That this Node is INVALID.
Remove the remaining Child Nodes. (Keep the Child Node that was just picked.)
NO
Remove all Child Nodes
Return That this Node is INVALID.
Return That this Node is VALID

How To Build Your Own Iron Chef

Here is a generalized data-driven system for dynamically generated content. Use it for major choices when assembling content like characters and to generate unique scenery as well. The payoff of implementing such a system is that your game will look and play slightly different every time, increasing the chances that someone will take at least one more look at your game.

Organizing Your Data

To prepare for this type of procedurally-generated content, you should organize your data along these guidelines:

- Order of categories matters. You cannot select a pair of glasses until you know the nature of the face that they will rest on.
- Include grouping categories that have no visible output beyond the generation of the data. As an example, let's say that you have 50 body types, and that types 4, 8, 15, 16, 23 and 42 were all tall and narrow. You could create a category called "body type" that includes options like "tall and narrow," "short and round," and even "medium athletic." To determine if a shirt is suitable for a given character, you need only say it's valid for "tall and narrow" bodies instead of listing it as valid for body 4, body 8, and so on.
- If you want some components to show up more often than others, add duplicate entries to your list of components. Instead of having a list of components {A, B, C}, you can make the list ten items long {A, A, A, A, A, B, B, B, C, C}. The result is that A will be chosen 50% of the time, B will be chosen 30% of the time, and C will be chosen 20% of the time. It involves duplication of the textual data where you store your lists of components, but text compresses extremely well.
- Joseph Campbell created a 12-step template for what he called the "Hero's Journey", the nearly universal pattern to all epic tales from Homer's Odyssey to "Star Wars," and Harry Potter. If you use Campbell's template you already know what Components to make, and how to assemble them! Just come up with a set of variables and your design document is practically written already!
- It would be especially cool and funny if someone were to use the Iron Chef system to simulate the preparation of actual meals in a game.

Imagine what might happen if procedural content generation were combined with player input analysis. Such a game could gather data about how Billy is playing, analyze it, and store it as parameters about the world. As more content is generated, these new parameters would be included, and different components would shift back and forth between valid and invalid possibilities. You would have a game that tunes itself to Billy's needs, strengths, and weaknesses—a game with challenges, rewards, and stories dynamically generated especially for Billy. What you would have, in other words, are stories that write themselves.

How the System Works

The top-level design of this asset generation system is a Tree. The Tree consists of all possible permutations of the content that you are creating, with each node consisting of a Pointer to a possible Component. The system first generates this Tree, then selects a single path through that Tree, then prunes away all other branches so that all you have left is an in-order list of the components needed to build the new content.

Like most trees, each node has just one parent node and any number of child nodes. Unlike most trees, however, several nodes can all reference the same component. For instance, you could have a pair of boots that would be allowable on bipedal cats or swashbuckling pirates, which would

be generated on two very different areas of the tree.

Along with the Tree are the Definite Stack and the Possible Stack. When testing the validity of a given component, the node will query the Generator for various pieces of information, and the Generator will attempt to find the answers on one of these two stacks and pass it back to the node. The Definite Stack is where you put all definite information about the world, such as "The environment is a desert" or "The character must wear a purple bandanna." While the content is being generated, all possible permutations will also be checked for compatibility against the Definite Stack.
This system assembles objects by creating all possible combinations, then selecting just one. The Possible Stack holds all of the previous choices made up to this point while the system generates a the set of options those choices allow. For instance, the game might ask, "If I were to select a gender of female and a race of Orcish, what professions are open to me?" The Possible Stack would then have "gender female" and "race Orcish" on it.

All of your components will be organized into Component Lists, with one list per type of Component. Think of it as having a barrel of noses, a barrel of ears, a barrel of hairstyles, and so on. Like the individual Components, the entire list will also have a validity check of its own. This allows us to quickly discard an entire list if we can determine it's invalid without having to examine every member of the list.

A Component is the building block for this asset generation system. Each Component has three parts. The first part is the optional Pointer to Data—such as an image—that is unique to that Component.

The second part is the Validity Criteria, a textual description of the circumstances under which the Component would be allowed. Note that all Validity Criteria are immediately trumped if the Definite Stack explicitly requires a component ("This monkey must have the purple mohawk"). If the Component does not meet the Validity Criteria, then the node reports back to its parent that it is not a valid choice.

The third and final part is the List of Child Components required to build this Component. For instance, if we were generating a house, the Child Components might be a front lawn, a front porch, a main body, and a roof. The node iterates through the Component List of front lawns. While a Child Component is being tested, it is added to the Possible Stack. If the Child Component reports itself as "valid," it is added to the Valid Child List. Whether valid or not, the item is then popped off the Possible Stack and replaced by the next component on the Component List so that the "possible" state of the world is always accurate.

If a node passes the Validity Criteria and has real lists of Child Components, then the node reports back to its parent that it is valid, and control is returned to the parent node. A complete recursive pass through the generator in this fashion creates a tree of all possible assets.

Technical Design Considerations

This system builds a Tree of possibilities and then prunes the Tree down to a single path. In languages like C/C++, this large volume of allocations and de-allocations can fragment memory. The system can minimize the amount of memory used in these allocations by working with lists of Pointers. Instead of creating a Component, testing its validity, then tossing it out if it's invalid or pruned, you create one of each Component, then add and remove Pointers to that Component during content generation.
Another easy step to reduce memory overhead is to change the order of operations a little bit. Instead of doing your pruning after the entire Tree is complete, you can actually make your random selection of Child Components from each Valid Child List and prune the others as your last step in reporting that a Component is valid. As a result, the Tree below your current location will always be a single, non-branching path of nodes.

There are also some other design challenges that should be mentioned:

- While content can allow the player to devise new strategies, it won't generate new forms of game-play; you still have to dream that up yourself.

- Variety and diversity of experience does not itself guarantee that people will want to replay your games.

- We don't have purely procedural content yet. At some point, human beings must create the raw content that the slick algorithms then play with.

- If you're not careful, you can design systems that create so many possibilities for content that you don't see them all during testing, and you can't vouch for the quality of content that your testers never managed to see.

The good news is that both the Fast Food and Combination Plate systems can be coded using this Iron Chef methodology.

For the Fast Food technique of reusing components, the data on the composited asset for each category is limited to the category name and the Component chosen (for instance, "hair=male_blond_4"). To rebuild that asset at any time, feed this data to the generator's Definite Stack, and you will get back the same asset every time.

The Chinese Combination Plate technique couldn't be easier. Turn off validity-checking on the data. This makes all possible data for each category equally valid, so it will be randomly selected.

Andy Megowan (amegowan@iwin.com) recently joined iWin Games and has opened a new casual games studio in Seattle.

Josh Billeaudeau (jbilleaudeau@iwin.com) is a Production Engineer for iWin.

Making Games More Marketable

Simple Tricks Guaranteed to Help You Sell More

Scott Steinberg

Face it – with development costs escalating, retail shelf space shrinking and conversion rates topping out at 1% or 2%, casual game creators can't afford to play around. Attracting consumers is no longer enough. Even when you hold a virtual monopoly on distribution, it's also crucial that you court key retail publishers and online portals.

So ask yourself: "What differentiates my game from the thousands currently at market?" Because if you can't answer that basic question in seconds, sorry . . . it's game over. With literally dozens of similarly-styled alternatives to choose from, there's nothing stopping execs or end-users from picking proven performers over your latest masterpiece.

Thankfully, the following tips won't just make your titles sell better and stand out more prominently. They'll also help you build buzz, increase awareness and generate headlines worldwide:

Don't Get Fancy

Can the high-concept ventures: Games should be simple, straightforward and make immediate sense to consumers in an everyday context. You've got less than three seconds to catch a buyer's attention. To maximize sales potential, position your products around familiar themes, such as food, fashion, music or art. Added bonus: The simpler the subject matter, the greater the international viability of a games—and the easier it is to localize. One need only look to proven hits like Cake Mania, Dream Day Wedding, and, of course, the Sims series (the best-selling franchise ever on PC) to see this phenomenon in action.

Go Wide or Go Home

Pick topics with broad appeal. Think horizontal: Before developing any new game, ponder all potential audiences, which of their needs it can meet and how to instantly communicate that value to as many people as possible. From artwork to surrounding text and in-game features, assets should universally support and reinforce this core messaging, helping you reach a wider audience and increase return on investment accordingly. With that in mind, you may want to rethink that futuristic, turn-based, strategy/shoot-'em-up hybrid featuring the music of Pantera and go with something more universal—such as a globetrotting adventure or IQ-building brainteaser—as a safer alternative.

Add Tangible Value

Two ways to succeed in business: innovation or invention. Either way, risk-taking is essential: Daring ideas move the medium forward. Likewise, it's not cloning that is killing the market—it's developers' inability to innovate with each passing release. (Risk-averse publishers actually prefer proven formulas with measurable sales potential.) Bottom line? Regardless of how you choose to add value to the space, you should include at least one new meaningful feature with every debut. Additions can be as simple as a new setting (Victorian times vs. modern-day) or a twist to the game-play (say, branching storylines depending on the player's actions). Note: Better graphics don't count.

Stay Open-Ended

Avoid the use of territory- or company-specific imagery. By all means—create billboards, jumbotrons, blimps, banners and other in-game vehicles through which content can be cross-promoted or advertisers hyped. Just design such opportunities so that any supporting material can be inserted globally, as partners will want to reserve the right to individually brand these placements. Bottom line: All those buildings plastered with banners featuring silly in-jokes and pictures of your coworkers? Probably not a wise insertion.

Two ways to succeed in business: innovation or invention. Either way, risk-taking is essential: Daring ideas move the medium forward

Evangelize Your Wares

Promote, promote, promote. Incessantly. Create a striking website and supplemental assets ranging from screenshots to in-game videos. Then court the media. Budget tight? GamesPress.com lets you quickly reach 22,000+ journalists worldwide at zero cost. Throughout development, regularly issue news and updates to whet fans' appetites. The more noise you make, the better your chances of attracting additional buyers and trade partners. Need motivation? Consider how many of the hundreds of titles are released daily—then how many your mother actually knows by name. I rest my case.

Scott Steinberg is the author of Videogame Marketing and PR, (yours FREE at www.SellMoreVideogames.com) and managing director of game industry experts Embassy Multimedia Consultants (www.embassy-multi.com).

Government Organizations Love Casual Games

A Report on an Intriguing New Initiative in England

From the Editor: We recently heard about a project in northwest England that we hope will provide inspiration for facilitated growth in other areas of the world as well. We invited Phil to give us some background on it. Because of the increased interest from various government organizations, the CGA will be hosting a Government Reception in Seattle during the Casual Connect conference this summer. The reception is scheduled for Wednesday, July 18, from 6:00 to 7:00 p.m. Among those who are expected to attend the show are representatives from Australia, two branches of Canadian government, and two organizations from the U.K.

Anyone could be forgiven for thinking that a University, the European Union, a UK government funding body, and casual games make a very strange mix, but those are the very forces which have been driving a new initiative called "Casual Games North West" (CGNW) in the northwest of England. What is unique about the project is that it is being run by the University of Bolton on behalf of the Creative Industries Development Service and is being partly funded by the European Union via the ERDF. This in itself is perhaps not unique, but what is unique is that the project has focused on casual games as a driver to achieve its goals.

As with any such project, the overall goal is to achieve growth for businesses in the area. What is interesting is that when the funding bodies involved were thinking of investing in the creative sector, they were persuaded to invest in casual games as a means of delivering such growth. Even half a dozen years ago, if someone had been asked to invest in anything creative in the northwest of England, it almost definitely would not have been in the games sector. What has changed that position?

Two key factors have contributed to encourage the government to try to spur investment in casual games. For starters, casual games represent an emerging market based upon a solid business model—a model which covers a variety of developers of different sizes. This means that there is still room for new start-up companies to enter the market. In addition, since so many developers begin life as game enthusiasts, the games themselves serve as a sort of recruitment tool, luring new talent into the business.

Clearly the casual games industry has attracted attention from governments interested in achieving business growth in the creative sector. However there is still a way to go before games achieve mainstream funding support on par with other creative industries.

For further information about CGNW, visit www.cgnw.org.

Phil Carlisle can be reached at zoombapup@gmail.com.

Phil Carlisle

Did You Know. . . ?

Over $90 million (USD) was invested in Israeli gaming companies in 2006. The CGA paid a visit to Tel-Aviv and we were pleasantly surprised with the excitement and innovation in the Israeli games community.

There are over 6,000 video game developers in Vancouver, B.C.

At the 2006 Casual Connect conference in Kyiv, Ukraine, 91% of the attendees were new to Casual Games Association Events.

Approximately 30% of the hit games of 2006 were fully or partially developed in Eastern Europe.

DFC Intelligence calculates that the global casual games market will grow from $700 million in 2006 to $1 billion in 2007.

Brisbane, the capital of Queensland, Australia is now home to 40% of Australia's electronic games developers. With over 600 people already employed across more than 18 local games companies.

– Casual Games Association

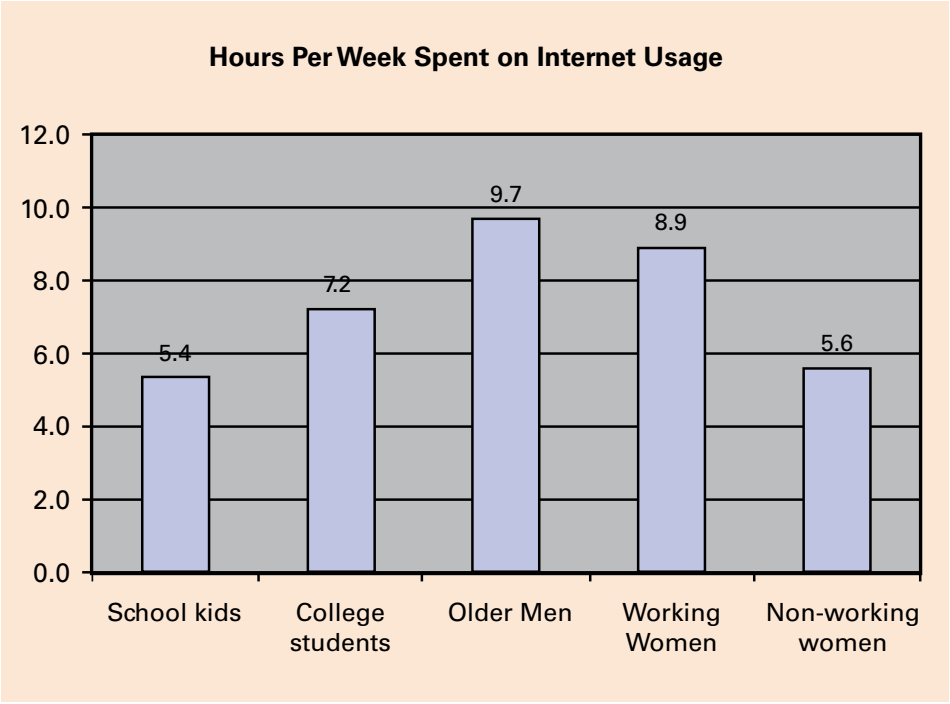
Watch for more information in our 2007 Market Metrics released this Fall.

Opportunities in China and India

An Analysis by Pearl Research

With an avid gamer base and an online games market worth more than $2.5 billion in 2007, Korea, China, India, and Taiwan represent significant market opportunities for casual game publishers who have compelling and relevant content. Nevertheless, Asia cannot be treated as one monolithic region. Significant cultural and business differences exist between countries. What works in China might not work in Korea or India—and vice versa.

Pearl Research, a San Francisco- and China-based market research and consulting firm, examines the games market in two emerging markets: China and India.



India

Pearl Research believes 2007 will be a pivotal year for the India games market as interest in this market intensifies. There are several reasons for the growing interest in the games market in India:

1. International companies are now considering a "1+1 strategy" whereby they combine their development in China with expansion into another nearby country such as Vietnam or India.

2. India has a large middle-class population at 81 million people, with growing Internet and broadband consumption.

3. Local and international players—including Reliance, Indiagames, and Microsoft—are experimenting with different business models in India and starting to launch new products there. Their marketing promotions are building user awareness and accelerating the adoption of games.

In addition, several other recent developments are causing a growing interest in the Indian games market, including:

- Growing usage of the Internet
- The launch of Zapak by Reliance
- The official launch of Microsoft's Xbox 360

Growing Usage of the Internet

The Internet and Mobile Association of India (IAMAI) and India Market Research Bureau (IMRB) recently completed a survey covering around 65,000 individuals from 16,500 households in 26 cities, with additional coverage of 10,000 businesses and 250 Internet cafe owners. It is one the largest offline surveys of the Internet users in India. According to that study, Internet users in India reached 37 million in September of 2006—with 25 million of those active users. ("Active user" is defined as someone who has used the Internet at least once in the last 30 days).

Of those users, approximately 38% (14 million) spend an average of eight hours per week online. The average time spent on the Internet increases with age—older men spend the most time on the Internet with 580 minutes (9.7 hours) of usage each week (see Figure 1). Given the low home PC penetration rates in India, Pearl Research believes the majority of Internet access occurs in Internet cafes and at work.

As Indian Internet users become more familiar with the Internet, Pearl Research believes their usage is evolving to include more sophisticated patterns of content consumption. The next round of growth will be driven by applications such as blogs, video-on-demand, online radio, online gaming, and localized content. Pearl Research believes this trend could be an opportunity for international content providers to market their products and services to a growing Internet population.

As Indian Internet users become more familiar with the Internet, their usage is evolving to include more sophisticated patterns of content consumption

The Launch of Zapak.com

One of the key players to watch in the Indian games market is Reliance. Reliance is one of the largest business groups in India, with $22 billion in assets spanning petrochemicals, energy, retail, telecom, and technology (among other industries). Any business moves by the Reliance group are heavily tracked in India due to the group's influence and financial resources. Accordingly, the industry listened with interest when Reliance announced that it will spend $100 million on the games market in India. While Pearl Research believes that, in the end, the actual amount spent will be much lower, the announcement underlies Reliance's push into gaming.

Reliance's primary product is Zapak.com, a gaming portal. Reliance believes Zapak will succeed if it has the right content offered at the right price for price-sensitive Indian consumers. Initially, Zapak plans to offer free casual games in categories such as arcade, shooter, and racing. In addition, downloadable games will be available from 49 rupees to 249 rupees ($1 to $5). The site will also offer Zapak email, a blog function to encourage community, Zapak. TV, and forums. Also in the pipeline is Zapakgirls, a sub-section of the site offering casual games targeted mainly at girls. What's more, to boost the site's popularity in star-obsessed India, Reliance has secured endorsements from film stars Salman Khan and Bipasha Basu for Zapak.
The revenue model for Zapak will be based on advertisements for its casual games and a mix of subscription and pay-per-use fees for its MMOG and downloadable games. Zapak also plans to operate games with an in-game economy, allowing for the selling and trading of virtual items.

Reliance is already cross-promoting Zapak through Reliance WebWorld, the second-largest Internet cafe chain in India with 240 outlets in 104 cities. For instance, during January's GameBox National Championship (a gaming tournament held in the 104 Reliance WebWorld outlets), Zapak was the casual gaming partner for the event. Zapak's operation and its success or failure in the market is being closely watched by the Indian games industry. Backed by a large financial group and leveraging its Internet cafes, Zapak is a first-mover whose strategy and execution could help it capture market share. If the company is unable to execute or if the market is too nascent, however, the lessons learned from its launch will help other companies refine and develop their Indian strategy.

Xbox 360's launch in India is a promising sign that more companies will be willing to invest in and develop the emerging games market in India

The Official Launch of Xbox 360 in India

One of the key players to watch in the
The Indian Xbox 360 launch occurred in October, 2006 with the system retailing for 19,990 rupees ($439). The high prices for Xbox 360 reflect hardware and software tariffs of close to 37%. The company said it is working with the Ministry of Commerce to try to reduce these high import tariffs.

The Xbox 360 launch was focused on the top seven cities: Delhi, Mumbai, Chennai, Bangalore, Hyderabad, Pune and Kolkata. Launch day releases within the region included titles such as Project Gotham Racing 3, Kameo, and Perfect Dark Zero, with titles such as Gears of War and Viva Piñata scheduled to be released in the following weeks. Xbox 360 software generally retails for $30 or more, expensive by Indian standards. Xbox distribution is being handled by Chennai-headquartered Reddington, a supply chain service provider for the IT and consumer electronics industry with more than 1,000 employees.

Microsoft's strategy in India is to focus on value and not necessarily on the lowest price. Initially, the company plans to drive platform adoption and seed the market via bundle offers and consumer financing. It also plans to offer relevant, compelling content from international and domestic game publishers. In addition, Microsoft plans to focus on the lower-priced platinum hits program to combat piracy.

While capturing emerging markets is a goal for Microsoft, the low per-capita GDP of most emerging markets, combined with rampant software piracy, has generally inhibited console adoption and legitimate software sales. Still, the Xbox 360 launch was heavily promoted—with popular Bollywood actor Akshay Kumar and cricketer Yuvraj Singh both appearing in television commercials. Promotional tie-ins with MTV India also have increased the user awareness of the Xbox 360 and console gaming in general.

Pearl Research believes the Xbox 360's launch in India is a promising sign that more companies will be willing to invest in and develop the emerging games market in India.

Overall, while India presents opportunities, critical challenges remain, including low PC and broadband penetration rates, price sensitive consumers, low concurrent user numbers, a nascent gaming culture, an underdeveloped payment and billing system, and a weak infrastructure.

China

China's gaming industry has seen remarkable growth: from an insignificant market in 2000 to a market exceeding $1 billion in 2007. While the overall online games market in China will continue to expand in the coming years, Pearl Research believes the growth in the casual games sector will outpace that of MMORPGs. Casual and web games appeal to a wide audience with nearly 47% of online gamers playing these games, according to a survey conducted by CCNIC, the government-backed Chinese Internet research firm. While the casual games market represents a significant opportunity, it is also intensely competitive, with portals such as Netease, Sina, Sohu, and Tencent all offering similar casual games.

There are three key factors driving the casual games market in China:

- Web and casual games appeal to a diverse audience.
- Rapid Internet and broadband adoption spurs the online games market.
- Casual games provide an important social medium.

The Broad Appeal of Web and Casual Games

A top casual game in China might have more than 800,000 concurrent users, while a top casual game portal might have millions of concurrent users at any one time. Tencent's casual games portal QQ Game, which primarily offers card and board games, has reported more than three million concurrent users during peak operations. Compared to casual games such as Audition (an online dance and music game) and Popkart (an online kart racing game), games offered through these portals appeal to a more diverse user group—ranging from teenage students to middle-aged housewives.

Rapid Internet Adoption

One of the underlying drivers of growth in the games market is the sheer number of Internet users in China, many of whom use the Internet to seek out entertainment content. Since the launch of Internet services in 1994, the number of Chinese Internet users has grown rapidly, reaching 137 million as of December 2006, according to China Internet Network Information Center (CNNIC). In another survey by the Chinese Academy of Social Science, nearly 62% of Internet users polled reported that one of the reasons they go online is to play games

One of the reasons for the popularity of online games is that approximately 54% of Internet users in China are under the age of 24—and Pearl Research believes this under-24 demographic maps closely to a game-playing demographic. Because this group is most likely to go online in search of entertainment—including online games, music, and chat—they are likely to help drive revenues for the online gaming market.

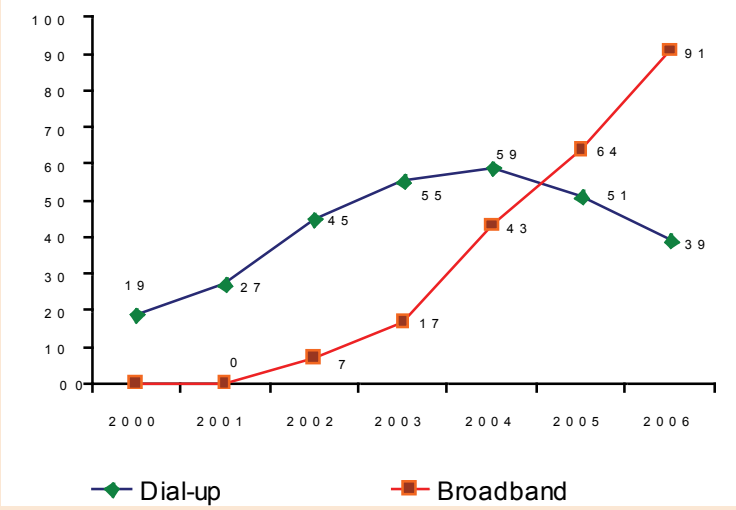
Further spurring the growth of online gaming is the accelerating adoption of broadband in China, where 70% of all Internet connections are high-speed broadband connections. (see Figure 2)

China's gaming industry has seen remarkable growth: from an insignificant market in 2000 to a market exceeding $1 billion in 2007

The Social Appeal of Casual Games

One of the principle reasons that online games in general—and casual games in particular—are so popular and "sticky" is that they offer extensive collaboration and player interaction. In Pearl Research's interviews with Chinese gamers, some players indicated that most of their in-game chatting has nothing to do with the game itself. Younger players, in fact, tend to use casual games as a platform to meet friends and form virtual romantic relationships. Pearl Research believes that social-networking is an important factor relating to the success of casual games in China. Furthermore, since players are likely to see their avatars

Figure 2: Number of Broadband and Dial-Up Connections



Source: China Internet Network Information Center, 2006 numbers are as of 12/2006

as extensions and idealizations of their real-world identities, they are more likely to purchase virtual items to improve their in-game appearance.

Opportunities for Developers

While China has a robust games market, most the top casual games in China are developed in Korea. Although there are numerous domestically developed casual games on the market as well, most of them are copycat titles. The lack of innovation from Chinese developers and the uniform look of Korean games leave the door open for the entry of more diverse casual games from Western and European publishers. However, to be successful casual games designed for the Chinese market must be multi-player since single-player games are much less popular with Chinese users. Furthermore, if casual game operators and developers decide to bring their content to China, they must localize titles for Chinese audiences and be prepared to deal with the ongoing challenges relating to intellectual property protection, nimble local competitors, and the changing regulatory system in China.

Note: This article was based on findings from Pearl Research's "Games Market in China" and "Online Games Market in India" studies.

Pearl Research a business intelligence and consulting firm, specializes in the interactive entertainment and games industry with a focus on emerging markets and platforms. Based in San Francisco, Pearl Research publishes in-depth market research reports in addition to providing customized research and consulting services. The company also provides a subscription service for its reports and services and operates Redlinechina.com, an updates news portal focused on the Chinese technology markets. For more information, please contact Allison Luong at 415-376-7310 or email research@pearlresearch.com.

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